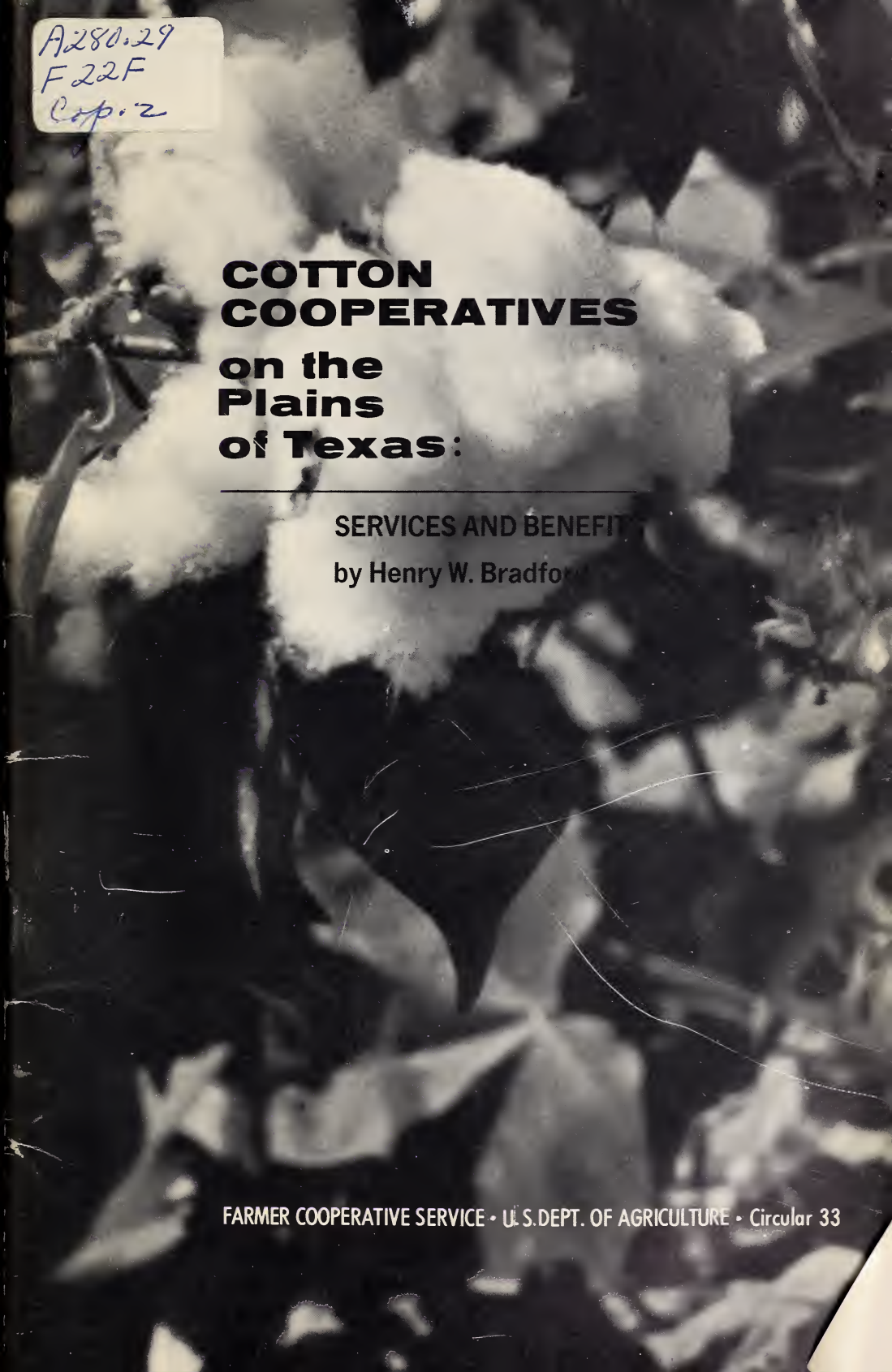
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COTTON COOPERATIVES on the Plains of Texas:

SERVICES AND BENEFIT

by Henry W. Bradfo

FARMER COOPERATIVE SERVICE • U. S. DEPT. OF AGRICULTURE • Circular 33

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

Joseph G. Knapp,
Administrator,
Farmer Cooperative Service,
U.S. Department of Agriculture.

FCS Circular 33 **February 1966**

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Highlights

COTTON cooperatives with headquarters in or near Lubbock, Tex., have made an impressive record. During 1954–63, they improved the income of cotton farmers in northwest Texas and southwest Oklahoma by an estimated $75.8 million. By 1964, the 4 regionals and the 94 gin cooperatives had net assets valued at $92 million and net fixed assets of $46 million.

This report tells of the integrated services provided by these cooperatives—ginning, processing cottonseed, compressing and storing, and marketing baled cotton. It also discusses the organization, growth, and operations of cooperatives providing these services—gin cooperatives, Plains Cooperative Oil Mill, Farmers Cooperative Compress, Plainview Cooperative Compress, and Plains Cotton Cooperative Association. The last-named organization receives about 20 percent of the cotton it markets from farmers in southwest Oklahoma.

Although these cooperatives are separate organizations, they work together in serving cotton farmers. They are among the largest, most efficient, and most progressive of the cotton cooperatives in the Nation.

Ginning.—Farmers began organizing gin cooperatives on the Texas Plains in the early 1900's; they established an oil mill in 1936, one compress in 1948 and another in 1953, and a marketing cooperative in 1953. They built two more compress and warehouse facilities in 1963 as branches of Plains Cotton Cooperative Association.

By 1963, a total of 94 gin cooperatives on the Plains were ginning an estimated 853,000 bales of cotton, 40 percent of the production in that area.

Cottonseed Processing and Marketing.—Plains Cooperative Oil Mill (PCOM) was organized in 1936, the first of the regional associations. Although its growth was slow during the early years, it later became the largest single cottonseed mill in the Nation. In 1963–64, it crushed 351,724 tons of cottonseed.

Before organization of this cooperative, the price of cottonseed in the Lubbock area was $3 to $4 a ton lower than in the Dallas district. At that time, cottonseed mills downstate reported that cottonseed on the Plains was deficient in oil and discounted the price accordingly.

After establishment of PCOM, tests showed that Plains cottonseed was superior to that in many other sections. By 1939, the price of cottonseed in the two Lubbock districts climbed to an average of 25 cents a ton higher than in the Dallas district. This increase improved the income of all cotton farmers in the area.

By 1964, PCOM had increased its crushing capacity to 1,200 tons a day; net fixed assets reached nearly $7 million; and total sales had climbed to $28 million. Its net savings have exceeded $2 million during 4 of the last 5 years. The association has modern refining equipment and is producing once-refined oil from its total production.

Compressing and Storing.—Farmers Cooperative Compress

(FCC) received 646,000 bales in 1963–64. This, combined with the volumes handled by Plainview Cooperative Compress and Plains Cotton Cooperative Association, totaled 1,060,000 bales.

Before the organization of FCC in 1948, facilities around Lubbock to compress and store farmers' cotton were inadequate. Some gins had to haul their cotton long distances to obtain these services. Many growers, unable to get warehouse receipts, sold their cotton from $10 to $20 a bale below the loan price. These and other conditions led farmers to set up their own compress.

By 1964, FCC had built 84 warehouses with a storage capacity of 600,000 bales and had improved the income of its farmer members by at least $11.5 million.

Popularity of the Compress caused such an increase in business that it needed additional warehouse facilities. FCC added to its warehouse capacity almost every year. Since this was still not fast enough to meet the need, farmers decided to organize a new cooperative. In the spring of 1953, Plainview Cooperative Compress (PCC) began operations. By 1964, PCC had built 26 warehouses and had a storage capacity of 170,000 bales. It improved the income of farmers by at least $2.5 million in its first 11 years of operation.

Marketing Lint Cotton.—The youngest of the regional cotton cooperatives is Plains Cotton Cooperative Association (PCCA), organized in September 1953. Within its short life, it has been reported to be the world's largest handler of American cotton—with more than 960,000 bales received in 1963–64.

PCCA has developed several programs and techniques revolutionary in cotton merchandising. Several years ago, it pioneered in developing a production-line method of testing cotton. In 1964, it built a new fiber testing laboratory that handles samples from an average of 1,600 bales an hour on four lines to about 27,000 bales a day on two shifts.

The association also pioneered in testing cotton for micronaire. It has always based its payments to farmers on the quality of their cotton. PCCA also developed a unique daily competitive-bid program for selling cotton. In addition to bringing the association top selling prices, this program has kept many cotton farmers informed of daily spot cotton prices, resulting in major benefits to farmers throughout Northwest Texas and Southwest Oklahoma.

In 1963, PCCA established modern compress and warehouse facilities at Altus, Okla., and Sweetwater, Tex. These facilities greatly improved the coordinated marketing services of the association.

In its 11-year history, PCCA has received 4.4 million bales of cotton and has had net savings of $5.8 million. It also has paid farmers an additional $6.2 million in excess of the loan value of cotton.

Benefits to farmers from cooperatives on the Plains have far exceeded the amount of their patronage refunds because of their additional services rendered and their help in stabilizing and raising the general price level of cotton and cottonseed.

Public Relations Programs.—Over the years, these cooperatives have built strong public relations programs. They have donated large sums to charitable and educational

organizations and sponsored numerous 4–H, FFA, and other activities. Officers and staff members have given leadership to many trade organizations and served as members of several governmental advisory committees.

Reasons for Success.—Among the factors responsible for the success of these cooperatives, the following are among the most important:

1. An economic need for them existed.

2. Members worked as a team to solve common problems, develop new programs, and support their own businesses. In 1963–64 alone, directors and members of 148 cotton cooperatives on the Plains of Texas and Oklahoma spent an estimated 32,000 hours directing the affairs of their cooperatives.

3. The cooperatives have had effective leadership and management.

4. Production of cotton has been on a large commercial scale for many years, made possible chiefly by irrigation. Irrigation became widespread in the early 1940's and increased rapidly after World War II, perhaps more than doubling cotton production on the Plains. It also helped to stabilize year-to-year production.

5. Financial and advisory assistance given by the Houston Bank for Cooperatives during their formative years, and since, has been timely and important to the growth and development of the cooperatives.

6. The primary objective of the cooperatives has been to serve their farmer members. They have established modern facilities and programs to help in meeting this goal.

COTTON COOPERATIVES on the Plains of Texas:

SERVICES AND BENEFITS

by Henry W. Bradford
Marketing Division

COTTON cooperatives having headquarters on the Plains of Texas have been successful. They have performed needed services for their members and materially improved the income of cotton farmers in the area.

The development and current features of cooperative cotton marketing on the Plains of Texas and Oklahoma are significant to cotton growers and others throughout the United States. Experience in the Plains area provides information that growers, their cooperatives, and others can use to increase grower returns and otherwise improve cotton marketing in other areas.

Development of cooperative marketing on the Plains can be practically identified with the establishment and growth of particular associations. The process of marketing includes ginning: processing and marketing cottonseed; and compressing, storing, and marketing lint cotton. However, these functions are not performed by an impersonal, totally objective, and mechanical structure. Rather, the growth and effectiveness of the marketing operations are substantially the story of growth, policies, and operations of gin cooperatives and four regional cooperatives in the Lubbock, Tex., area that perform other services.

This report provides discussion of such factors as reasons for organizing, methods of financing, mem-

ACKNOWLEDGEMENT: Officials of the regional cooperatives made their records available and supplied other information. C. E. Bowles, Secretary, Plains Cotton Cooperative Association, furnished information on the development of cotton cooperatives in the area.

bership, organizational structure, services performed, volume of business, facilities, personnel, and reasons for success. It describes operations of gin cooperatives and of four regional associations on the Plains—Plains Cooperative Oil Mill, Lubbock; Farmers Cooperative Compress, Lubbock; Plainview Cooperative Compress, Plainview; and Plains Cotton Cooperative Association, Lubbock.

While these associations are separate organizations, results of their operations can be viewed as a closely related unit. In effect, they provide cotton farmers with virtually complete integrated services—ginning, compressing and storing, processing cottonseed, and marketing baled cotton.

Marketing of cotton and cottonseed is performed in several rather distinct stages. And, conveniently for this report, the separate cooperatives on the Plains provide rather distinct functions. Therefore, the report is divided into five parts. The first section covers cooperative ginning and discusses operations of the local gin cooperatives. The next three sections cover cottonseed processing and marketing, compressing, storage, and marketing lint cotton and discuss development and operations of regional cooperatives that perform these functions. The last part presents the member and public relations program of the regionals, since these activities are similar in each association.

GINNING

GINNING is the first step of cotton marketing. For this reason, gin cooperatives are the foundation of cooperative cotton marketing on the Plains of Texas and Oklahoma. The gin cooperatives not only perform the first step of marketing; they have also served as the organizational base on which to establish cooperatives to conduct other stages of marketing. Without the development and success of these gins, the regional cooperatives probably would not have been organized.

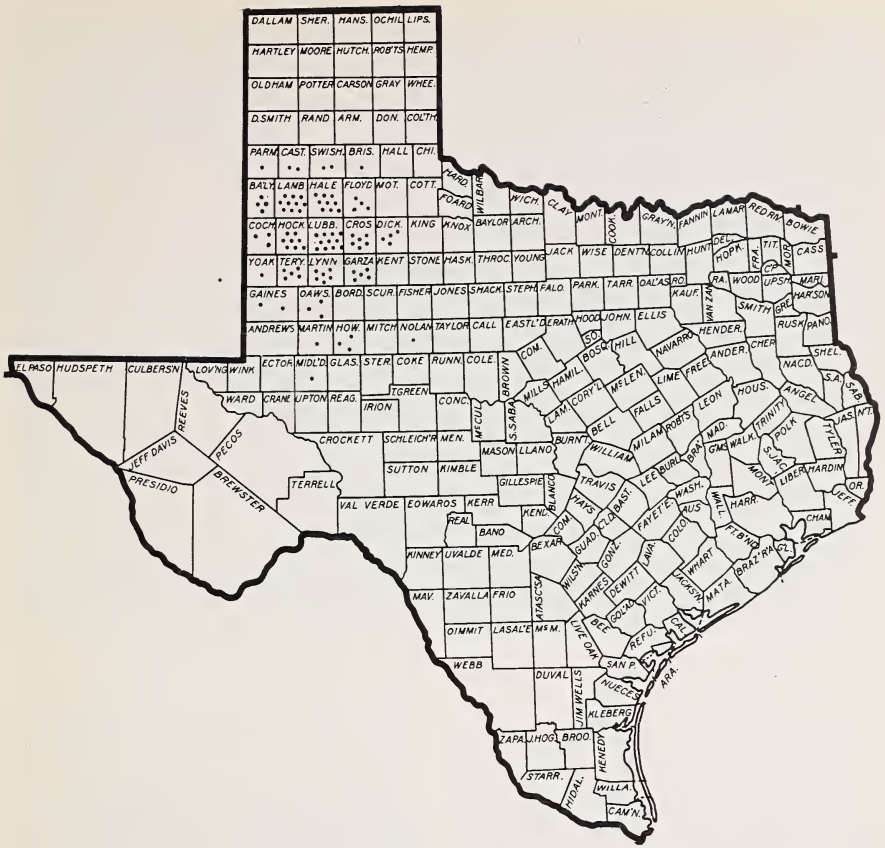
History and Development

THE first cooperative gin in America was established in Texas in 1887—in Wagner, a rural community near Greenville.[1] It was started under the leadership of W. W. Cole, called by some people the "father of the cooperative gins of Texas."

This first gin was an informal, unincorporated association formed 30 years before enactment of cooperative laws in the State. From a business standpoint, the gin was a failure, operating for only 2 years. But it served as the idea for the later development of an extensive and profitable program for cotton farmers.

Not until the early 1900's were other attempts made in organizing

[1] Herrmann, Omer W. Development of Cooperative Cotton Ginning. Farm Credit Admin. FCA Circular C–112, April 1939.



Cooperative cotton gins on the Plains of Texas were concentrated in relatively few counties in 1963.

gin cooperatives. Many of these were farmers' stock-company gins. Reasons given for organizing these gins were:

"Insufficient ginning facilities in the community."

"Poor gin equipment and consequently poor ginning."

"Inconsiderate treatment by private gin managers."

"Desire on the part of growers to save part of the cost of ginning charges or by having part of the charge returned in the form of a dividend."

"Poor prices for cottonseed, due to restricted markets."

Farmers' stock-company gins were cooperative in a limited sense only. Their strongest feature was that farmers attempted to accomplish their objectives by group action. The companies were incorporated under the general corporation laws and lacked many of the features to insure continued existence as farmer-owned, farmer-controlled cooperatives.

Many of these companies, especially those with profitable businesses, came under the control of outside investors. Within a comparatively few years, hundreds of gin associations organized by farmers lost most of their cooperative features.

Experiences with stock companies led many farmers in Texas to organize nonstock associations. With this aim in view the so-called "Society Law" was enacted in Texas in 1917.

Farmers organized gin cooperatives under this law for their own benefit. They owned and controlled the associations. Each member had one vote regardless of how much money he had invested in the association. Dividends on stock were limited to 8 percent, and net earnings were distributed to patrons according to amount of business done.

Development of gin cooperatives on the Plains started to gain momentum in 1919. The society law provided an operating plan that would insure continuous ownership and control of the cooperatives by farmer members. Another factor responsible for the organization of many associations was a large cotton crop in northwest Texas in 1919, after several years of relatively short production. This large crop taxed all available ginning facilities to the point that ginning services were far from satisfactory.

"Much unrest and dissatisfaction were created among the farmers in this particular year. The ginners were swamped with cotton to be ginned, and the grower, in addition to having to wait a long time for his turn, received a poor turnout from his load of seed cotton. The seed was not ginned closely enough, the lint was sometimes damaged by too rapid ginning, and the grower paid what he thought an exorbitant charge for ginning and wrapping . . . ." [2]

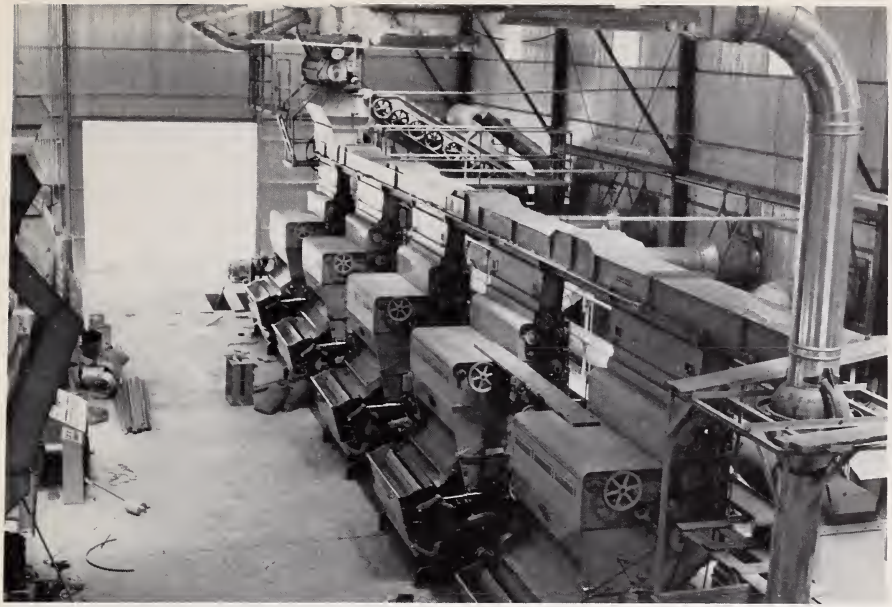
Because the crop was large, farmers received very little consideration in trying to get improved services or lower ginning rates. In fact, in several instances ginning rates were increased rather than lowered.

The 1929–30 season marked the peak of popularity of the society-

[2] Hathcock, J. S. Development of Cooperative Gins in Northwest Texas. A preliminary report, U.S. Dept. Agr., Mimeo., 1927.



Early gins on the Plains of Texas may have looked like this.



Many co-op gins on the Plains now use modern machinery such as this

plan cooperatives. By 1930, farmers had organized some 75 gin associations in Texas.

Another expansion of gin cooperatives began in 1933. At that time the Houston Bank for Cooperatives was established to provide financial and other assistance to cooperatives. In addition, the Co-operative Marketing Act of Texas was passed in 1921. This act insured continuous ownership and control of gin cooperatives by farmer members.

Since 1921, most new gin associations have been organized under the Co-operative Marketing Act of Texas, with a capital stock plan. In fact, many nonstock associations reorganized under a capital stock plan. By 1940, the number of cotton cooperatives in Texas had increased to 326, as the following tabulation shows. About 320 of these were gin cooperatives. From 1940 to 1962, the number of cotton associations in the State remained fairly steady—between 313 and 330. All but about 13 of these were gin associations.

Crop year	Number of cooperatives [1]	Crop year	Number of cooperatives [1]
1925	49	1950	313
1930	75	1955	330
1935	170	1960	313
1940	326	1961	315
1945	316	1962	322

[1] Includes gins, oil mills, compresses, and marketing associations.

Recent Operations of Gin Cooperatives

THIS section provides a brief review of most gin cooperatives on the South Plains of Texas during the 3 crop years, 1961–63. It includes information on value of assets, liabilities, members' invest-



Cottonseed is stored in a huge pile on a mill yard.

ments, bales of cotton ginned, and net savings.

Almost all gin associations in this area are members of one or more of three regional cooperatives there—Plains Cooperative Oil Mill, Farmers Cooperative Compress, and Plainview Cooperative Compress. And most members of the gin cooperatives are also direct members of Plains Cotton Cooperative Association.

Number and Location

Gin associations on the South Plains have steadily increased in number over the past 10 years, from 57 in 1954 to 94 in 1963 (table 1). By the fall of 1964, an estimated 100 such cooperatives were in the area. These cooperatives operate some 150 gins. The associations are concentrated in 8 counties—Lamb, Hale, Hockley, Lubbock, Crosby, Terry, Lynn, and Garza—but are scattered over a total of 22 counties.

Volume Ginned

These cooperatives ginned an estimated 853,000 bales of cotton in 1963–65—40 percent of production in the 22-county area. Volume ginned by Plains cooperatives has about doubled in the past decade. During this period, the smallest volume ginned was 425,000 bales in 1955, and the largest volume was 907,000 in the 1962 crop year.

As a percentage of total production in the area, cooperatives have ginned from about 30 to 42 percent during the 10 years. The highest

TABLE 1.—*Total running bales of cotton ginned and estimated number ginned by cooperatives in 22-county area on Plains of Texas, 1954–63*

Crop year	Total ginned in area [1]	Estimated volume ginned by cooperatives			Percentage of total production ginned by cooperatives
		Number of bales	Number of co-ops	Average bales per co-op	
	1,000 bales	*1,000 bales*			*Percent*
1954	1,606	492	57	8,640	30.7
1955	1,416	425	70	6,074	30.0
1956	1,668	563	77	7,313	33.7
1957	1,596	520	83	6,263	32.6
1958	2,028	657	82	8,012	32.4
1959	1,924	571	81	7,055	29.7
1960	1,992	677	84	8,063	34.0
1961	2,423	858	88	9,755	35.4
1962	2,150	907	92	9,855	42.2
1963	2,135	853	94	8,971	40.0

[1] Includes the following counties: Bailey, Briscoe, Castro, Cochran, Crosby, Dawson, Dickens, Floyd, Gaines, Garza, Hale, Hockley, Howard, Lamb, Lubbock, Lynn, Martin, Midland, Parmer, Swisher, Terry, Yoakum.

TABLE 2.—*Balance sheet data of specified number of gin cooperatives on Plains of Texas, fiscal years ending 1962–64*

Fiscal year ended	Number of co-ops	Fixed assets, net	Total assets, net	Total liabilities	Members' equities	Percentage members' equities of:	
						Fixed assets	Total assets
1962	80	$22, 255, 347	$39, 659, 398	$8, 971, 652	$30, 687, 746	138	77
1963	79	24, 243, 881	43, 369, 646	10, 469, 915	32, 899, 731	136	76
1964	89	27, 197, 949	49, 625, 731	11, 283, 671	38, 342, 060	141	77
Average per cooperative							
1962	80	278, 192	495, 742	112, 145	383, 597	138	77
1963	79	306, 885	548, 983	132, 531	416, 452	136	76
1964	89	305, 595	557, 593	126, 783	430, 810	141	77

percentages were in 1962 and 1963.

Average volume ginned per association also was larger in the later years. From 1961 to 1963, they ginned from about 9,000 to 9,900 bales compared with an average volume of from 6,000 to 8,600 bales during the 7 earlier years.

Of the 89 cooperatives reporting in 1963–64, 26 ginned less than 6,000 bales, and 31 ginned 10,000 bales or more, as the tabulation shows. Seven ginned over 18,000 bales.

Bales ginned	Number of cooperatives
2,000–3,999	5
4,000–5,999	21
6,000–7,999	17
8,000–9,999	15
10,000–11,999	8
12,000–13,999	10
14,000–15,999	6
16,000–17,999	0
18,000–19,999	7
Total	89

Facilities and Financial Status

In 1964, these 89 gins had combined net assets of nearly $50 million, an average of more than $557,000 per association (table 2).

The combined net value of buildings and equipment (fixed assets) totaled $27 million, an average of nearly $306,000 per cooperative.[3] Current and other assets accounted for the balance of $23 million.

Members owned more than three-fourths of the assets of their cooperatives. Their combined investments reached $38 million by 1964, or about $431,000 per cooperative. This was 141 percent of the value of net fixed assets.

Net Savings

During 1963–64, the 89 gin cooperatives had combined net savings of $8.4 million (table 3). Net savings of the 80 and the 79 associations during each of the previous two seasons were $7.5 million. In all 3 years, net savings averaged around

[3] Almost all of these are ginning facilities. A few associations handling farm supplies did not list separately the value of these assets.

TABLE 3.—*Number of bales ginned and net savings of specified number of gin cooperatives on Plains of Texas, 3 seasons, 1961–62 to 1963–64*

Season	Number of co-ops	Bales ginned	Net savings	
			Total	Per bale
1961–62	80	824, 260	$7, 511, 568	$9. 11
1962–63	79	811, 002	7, 552, 264	9. 31
1963–64	89	817, 982	8, 440, 636	10. 32
Average per cooperative				
1961–62	80	10, 303	93, 895	9. 11
1962–63	79	10, 266	95, 598	9. 31
1963–64	89	9, 191	94, 839	10. 32

$95,000 per cooperative. On a per bale basis, this was equal to $9.11 in 1961–62; $9.31 in 1962–63; and $10.32 in 1963–64.

Information was available from most of the cooperatives on the portion of their net savings that came from regional associations. In 1963–64, reports from 85 gin cooperatives showed that regional associations supplied 49 percent of the gins' net savings; in 1961–62 the average was 33 percent (table 4). These data were not obtained for the 1962–63 season.

Quality of Service

Members of gin cooperatives demand and receive top-quality ginning service. They have kept older gins modern by replacing equipment and adding newly developed machinery and have built many new gins in recent years.

Directors and managers of gin cooperatives continue to make improvements. For example, some cooperatives are trying basket storage systems as a way of providing faster service at lower cost to members.

TABLE 4.—*Net savings of specified number of gin cooperatives on Plains of Texas and portion of their net savings received from regional associations, 1961–62 and 1963–64*

Season [1]	Number of co-ops	Total net savings	Portion of net savings received from regional co-ops [2]	
			Total	As percentage of total net savings
1961–62	64	6, 178, 156	2, 037, 735	33
1963–64	85	8, 401, 841	4, 149, 864	49
Average per cooperative				
1961–62	----------	96, 534	31, 840	----------
1963–64	----------	98, 845	48, 822	----------

[1] Data were not obtained for 1962–63 season.

[2] Primarily from Plains Cooperative Oil Mill, Farmers Cooperative Compress, and Plainview Cooperative Compress.

PROCESSING AND MARKETING COTTONSEED

ONCE cotton is ginned on the Plains, the processing and marketing of cottonseed is carried forward separately from the handling and marketing of lint cotton. The beginning of this phase of cooperative development in Texas came when a group of cotton farmers, representing gin cooperatives in the Lubbock area, organized Plains Cooperative Gins, Inc., on May 28, 1936. On July 21, 1948, the name was changed to Plains Cooperative Oil Mill.

Plains Cooperative Oil Mill

FARMERS organized this federation with the initial purpose of marketing cotton and cottonseed and buying bagging, ties and other supplies for the farmer-owned gins. Members visualized that the association ultimately might own a cottonseed oil mill and a compress.

In its first year, the association confined its activities to selling cotton and cottonseed. Results were disappointing as it handled very low volumes.

A main reason for organizing Plains Cooperative Oil Mill (PCOM) was to help correct the



This Plains gin with its elevator has a capacity of over 700 bales in 24 hours, but patrons harvest cotton so fast with strippers that many loads have to be stored on gin yards for several hours before they can be ginned.

low price of cottonseed on the Plains. Working directly toward such price improvement, the association bought a used oil mill at Pearsall, Tex., for $25,000, in the summer of 1937. It borrowed money from the Houston Bank for Cooperatives for this purpose and to move the machinery to Lubbock, some 400 miles from Pearsall. This proved to be costly for the association, as much of the machinery needed replacement; and inefficient production methods resulted in high milling costs of this 60-ton-a-day mill. On the other hand, the building of an oil mill did result in raising the price of cottonseed and thus proved most profitable to all cotton growers in the area.

This price increase to cotton growers occurred in the following way: Before organization of PCOM, buyers reported the quality of cottonseed on the Plains was low. Mills in other parts of the State were important purchasers of cottonseed, and they reported that Plains cottonseed was deficient in oil. As such, the price was heavily discounted.

Price of cottonseed in the Dallas crop reporting district averaged $3.62 a ton higher than that in the two Lubbock districts during the 10-year period, 1927–36. Prices in Oklahoma were likewise $3 to $4 a ton higher than those on the Plains.

Research studies on seed quality during these early years of the association showed that cottonseed on the Plains, rather than being deficient in oil, was really superior to that in many sections of the State. By 1939, after PCOM had 2 years' crushing experience, the price of cottonseed in the Lubbock districts had risen to an average of 25 cents a ton higher than that in the Dallas



In this modern refinery, Plains Cooperative Oil Mill makes the cottonseed oil that goes into many different products.

district.[4] This increase in the general level of prices improved the income of all cotton growers in the area.

PCOM began crushing seed in November 1937. Its early years were difficult. Volume of seed handled was low, as were net savings. The association also was opposed by the trade, and other oil mills raised their seed price.

Membership relations with gins were at a low ebb during this formative period. Gin cooperatives had not received expected net savings from the oil mill. Still, most of them remained loyal. As an inducement to continued operations, 20 of the 30 member gins signed marketing agreements with PCOM in 1941, providing for a capital retain of $1 a ton. They also agreed to ship a major portion of their seed to the mill.

In 1943, after 7 years of operation, the association had suffered a combined net loss of more than

[4] Bowles, C. E. A study of Price of Cottonseed in Texas. Extension Service, Texas A. & M. University, June 1940.

$17,000. At one time the board of directors almost decided to close the mill; the Houston Bank for Cooperatives also considered foreclosing its loan.

At this time, Roy B. Davis resigned his position as secretary of the Houston Bank for Cooperatives and became PCOM's manager. This was the turning point for the association. During the next year, tonnage increased 50 percent and net savings climbed to $49,000—from a loss of $45,000 the preceding year. After 2 or 3 years, the association modernized its mill and installed additional facilities. Members gained confidence in their association, volume of seed steadily increased, and net savings climbed substantially. These trends have continued until the present time.

This turning point in favor of the association, under the competent management of Roy Davis, largely affected the organization and growth of other cotton cooperatives on the Plains. If PCOM had failed, development of other cotton cooperatives in the area no doubt would have been delayed for many years. Mr. Davis has not only been influential in the success of PCOM; he has been influential in that of most Plains cotton marketing cooperatives.



PCOM's old office building has now become a laboratory for testing all products processed by this cooperative.

Present Structure

PCOM has made few changes in its organizational structure since its first year, but these changes apparently have contributed to its success. After the first year, it changed its bylaws to permit one director from each member gin, and several years later, changed the function and duties of the executive committee.

Organizational Setup

PCOM is a cooperative federation. Its members are local gin cooperatives.

All voting rights are vested in holders of common stock, and each member has only one vote. Preferred stock has no voting power. It is issued to member or nonmember patrons upon payment of cash or as a patronage distribution of net savings.

Dividends not to exceed 8 percent per year may be paid on all outstanding stock, both common and preferred. Dividends on stock, usually 4 percent, have been paid in all but 8 years, and these were during its early years of operation.

Membership

Any cooperative gin may become a member of PCOM by buying one share of common stock ($100) and by agreeing to comply with the requirements of the articles of incorporation and bylaws of the association.

PCOM has experienced a steady growth in membership. From 15

778-954 O—66——3

in 1937, membership increased to 92 by 1964, as the next tabulation shows.

Almost all gin cooperatives on the South Plains are now members and ship their seed to this association. In 1962, the association approved the policy of retiring the membership of a gin, if it did not deliver seed for 2 consecutive years.

Although the bylaws authorize marketing agreements, the association has not used these except in 1941. Its basic policy is that service to members is the key to obtaining their patronage. Because performance of the association has been outstanding, it has had little difficulty in obtaining the patronage of member gins.

Board of Directors

PCOM is controlled by its board of directors, who represent the membership. Number of directors in a given year is the same as number of members.

Directors are elected for 1-year terms. No limitation is placed on the number of terms a director may serve.

Each member gin, acting through its board of directors, nominates one director of PCOM. The nominee must be a member, officer, or employee of such member gin. At the annual meeting of PCOM, stockholders vote on the nominees.

Directors meet monthly and also in special meetings from time to time. They receive $10 a meeting to cover, or partly defray, cost of transportation.

Present and past officials of PCOM believe the change made in 1937, requiring one director from each gin, was a wise decision. Members of the Board of Directors, who represent each member gin, are fully informed on PCOM's operations and plans and on general production and marketing conditions. Hence they are in a unique and strategic position to increase the total membership's understanding and loyalty.

Visitors and friends of cooperatives are always welcome at board meetings. As a result of their attendance, these persons and groups not only become better acquainted with PCOM; they improve their knowledge and understanding of cooperatives in general. This education is two-way in that directors also become better informed on community and agricultural problems and conditions in general through comments made by visitors.

The board of directors elects each year, from its membership, an executive committee comprised of seven members. These are elected on a district basis so that all areas of the association are represented.

The executive committee has the same power as the board of directors except that of electing officers, designating the territory comprising each district from which a member of the executive committee shall be selected, selecting members of the executive committee, and selecting the manager.

Fiscal year ended June 30	Number of member associations	Fiscal year ended June 30	Number of member associations
1937	15	1951	50
1938	22	1952	52
1939	27	1953	52
1940	29	1954	60
1941	30	1955	65
1942	31	1956	68
1943	31	1957	73
1944	31	1958	79
1945	35	1959	79
1946	35	1960	81
1947	35	1961	83
1948	44	1962	86
1949	44	1963	90
1950	50	1964	92



PCOM directors hold their regular meeting.

During the early years of the association, the executive committee meeting usually was just before that of the board of directors. This meant that the executive committee conducted most of the business of the association and that the full board more or less "rubber stamped" the actions of the executive committee. This practice was changed soon after Roy B. Davis became manager. He believed the board of directors, and not the executive committee, should direct the association. In this way every gin has a representative who receives information first hand and has a direct part, responsibility, and obligation in conducting the affairs of the association.

The executive commmittee now meets only at the call of the president, when important matters arise between board meetings.

Finances

PCOM obtains capital from several sources to finance its operation—from members, the Houston Bank for Cooperatives, commercial banks, and employees. The main source of capital, however, has been retained net savings and the Houston Bank for Cooperatives.

Net savings did not provide a major share of capital during the first 10 years of operations. Between 1937 and 1946, net savings ranged from a loss of about $45,000 to a gain of $49,000, and totaled $81,360 for the 10-year period, including interest on stock and additional payments. From 1947 through 1964, net savings per year ranged from $220,000 to $2,287,313, except for a loss of $138,000 in 1949 (table 5). During its 28 years of operation, combined net savings have totaled $20,217,201, an average of $6.81 per ton of seed received.

The association's capital is set up on a revolving-fund basis. After paying dividends on stock and cash patronage refunds, the balance of net savings is distributed in preferred stock. This stock is revolved at the discretion of the board of directors.

Net savings of PCOM have been

TABLE 5.—*Additional payments and net savings of Plains Cooperative Oil Mill, Lubbock, Tex., 1937–64*

Fiscal year ended June 30	Additional payments [1]	Dividends on stock	Other net savings [2]	Total
1937			$1, 282	$1, 282
1938	$12, 077		15, 096	27, 173
1939			417	417
1940		$1, 951	11, 969	13, 920
1941			(10, 564)	(10, 564)
1942		2, 456	10, 059	12, 515
1943			(45, 566)	(45, 566)
1944			49, 303	49, 303
1945			3, 980	3, 980
1946		5, 100	23, 800	28, 900
1947	120, 176	8, 623	128, 045	256, 844
1948	223, 125	9, 724	354, 489	587, 338
1949			(138, 134)	(138, 134)
1950		49, 744	652, 947	702, 691
1951		26, 842	906, 762	933, 604
1952		125, 301	94, 920	220, 221
1953		66, 447	899, 023	965, 470
1954		84, 183	1, 257, 848	1, 342, 031
1955		112, 117	1, 252, 260	1, 364, 377
1956		133, 029	894, 578	1, 027, 607
1957		140, 797	803, 751	944, 548
1958		154, 792	373, 651	528, 443
1959		150, 403	1, 146, 587	1, 296, 990
1960	519, 625	168, 927	1, 498, 325	2, 186, 877
1961	600, 404	188, 841	1, 422, 145	2, 211, 390
1962	204, 223	211, 888	1, 629, 834	2, 045, 945
1963	609, 710	243, 238	1, 434, 365	2, 287, 313
1964		262, 951	1, 109, 335	1, 372, 286
Total	2, 289, 340	2, 147, 354	15, 780, 507	20, 217, 201

[1] Payments in cash for cottonseed over and above regular market price in area.
[2] After dividends on stock and not including additional payments.

large compared with member investments in the association and with total investments (total assets). For example, over the 28-year period members received an average return of 26 percent on their investments in PCOM. Their average return on total assets was 17 percent.

Member gins, however, do not patronize PCOM nor did they organize this cooperative, to obtain the greatest return on investment. Rather, it was primarily to obtain better services and to improve the cottonseed market generally. Producers who patronize member gins and all cotton growers in the area have benefited tremendously because of the stabilizing influence of the association on the cottonseed market. It has been conservatively estimated that by the existence of this association, returns to all cotton producers in the area have been $10 a ton more than they would have been, if there had been no cooperative organization of its kind.

The policy of the association generally has been to advance the market price of seed at time of delivery. When the amount of net savings is determined after the close of the fiscal year, directors decide how these savings should be distributed or allocated. In some years, however, the association has made an additional payment before the end

of the year. These additional payments are part of the direct benefits of PCOM to its patrons under the pricing policy of the association, as net savings are.

Operations and Facilities

The primary services performed by PCOM are crushing cottonseed and selling the products. However, the association has performed a large number of additional services for farmers in the area over the years. These include purchases of bagging and ties, gin supplies, and insecticides for member gins, and the handling, processing, or marketing of the following products: Cotton, soybean oil and meal, safflower oil and meal, castor beans, peanut products, and grain.

Cottonseed Handling

During the rush season, gin cooperatives send their cottonseed to



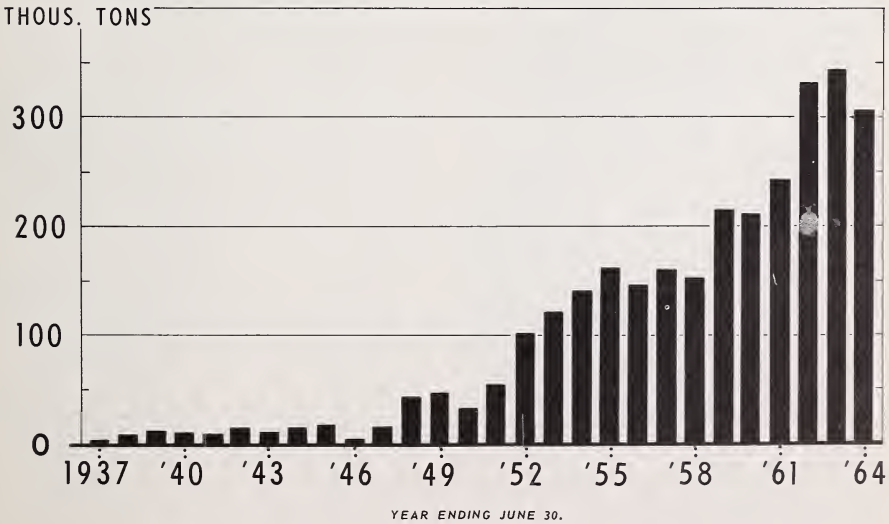
These are cottonseed storage houses at PCOM's new mill.

PCOM at the rate of 10,000 to 11,000 tons every 24 hours. Seed arrives in big 6-wheel trucks, which are weighed and hoisted automatically to dump the seed in one of six underground receptacles. The seed is then elevated and conveyed to one of several storage houses.

PCOM received 307,692 tons of cottonseed in 1963–64 (fig. 1) but

Figure 1

Tons of Cottonseed Received by Plains Cooperative Oil Mill, Lubbock, Texas





PCOM's new office building is modern in every respect.

crushed 351,724 tons. It also crushed an additional 7,858 tons of soybeans, or a combined total of 359,582 tons. This is reported to be the largest tonnage processed by a single plant anywhere in the world. It was more seed than the association handled during its first 15 years of operation.

Storing

The association receives most of its seed within about 6 weeks. This means that virtually all seed must be stored, some for as long as 1 year. Although it owns 13 Muskogee-type storage houses, with a total storage capacity of about 260,000 tons, some 90,000 tons a year must be piled in open storage. Seed stored outside is usually crushed first to minimize possible weather damage.

The mill is divided into two plants for operating purposes. Plant No. 1, as far as storage is concerned, consists of eight seed houses; Plant No. 2, built in 1963, has five seed houses.

Processing

In the mill, the seed go through a cleaning and delinting process. Delinted seed then go to the huller room, where the hull is separated from the meat. Meats are heated to some 175° to 200° and rolled. Oil is extracted by a direct solvent process. The solvent, hexane, is removed and redistilled from the oil and meal and reused.

PCOM has not only the largest, but also one of the most modern and efficient mills in the Nation. Its cost of crushing seed has remained fairly steady over the years, despite a sharp rise in labor and investment costs.

PCOM operates 24 hours a day the year round, and has done so for several years. Seed receipts in some years have been so large that the association was unable to crush them. At such times, it has sold seed to other cooperative mills for processing. In 1961–62, for example, it sold nearly $3.5 million worth

of cottonseed to other associations.

The association has improved its facilities almost every year. Starting with a used hydraulic mill, it next converted to a screw-press system, then to larger and larger screw presses. About 1953, it changed to a solvent system of extraction and increased its capacity several times, reaching 800 tons a day by 1960. In 1963, it built a second (No. 2) solvent plant, increasing its daily capacity to 1,200 tons.

Although the association has two separate mills, some operations are consolidated. For example, linters are pressed and baled at No. 1 plant only. Meal and hulls are also conveyed to No. 1 plant for grinding, feed mixing, and pelleting. These consolidations have helped to keep costs at a minimum.

Until 1964, No. 1 plant produced degummed oil that averaged from 5 to 6 percent refining loss compared with about 7 percent for regular crude oil. The fat or soap stock removed in degumming was added to the meal, increasing fat content in the meal from about 1 to 3 percent.

The association embarked on a new operation in 1963. In its No. 2 plant, it installed facilities to produce once-refined oil through a continuous miscella refining process. Miscella is the mixture of crude oil and solvent that comes from the extractor, and the oil is refined while still in the miscella stage.

Miscella refining is a relatively new process. Two of the more important advantages over conventional refining are increased refining efficiency in terms of oil yield and lower labor and other operating costs. Results of miscella refining led directors in the spring of 1964 to approve enlarging refining facilities so that the mill can refine its total oil production.

In April 1965, PCOM started to process castor beans in a new plant built at Plainview. It began crushing soybeans in 1962 in the No. 2 plant and probably will continue this service for farmers in the future.

Outturn of Products

Four major products are manufactured from cottonseed—oil, protein (meal and cake), linters, and hulls.

Average outturn of products and sales value per ton of cottonseed processed by PCOM during the 5-year period, 1959–60 through 1963–64, is shown in the next tabulation.

These products are turned directly or indirectly into hundreds of useful items including basic foods. For example, cottonseed oil is used in making salad oil, cooking oil, mayonnaise, salad dressing, shortening, margarine, mellorine, soap, glycerine, drugs, cosmetics, rubber, and plastics.



A delivery truck loads feed made by PCOM from hulls and cottonseed meal.

Product	Number of pounds	Sales value	Percentage of total sales value
Degummed oil	342	$36. 25	49. 5
Protein	918	27. 08	36. 9
Linters	147	6. 08	8. 3
Hulls	557	3. 91	5. 3
Manufacturing loss	36		
Total	2, 000	73. 32	100. 0

Protein is used in feed for cattle, sheep, horses, hogs, and poultry, and in flour, bread, cake, crackers, food supplements, and fertilizer.

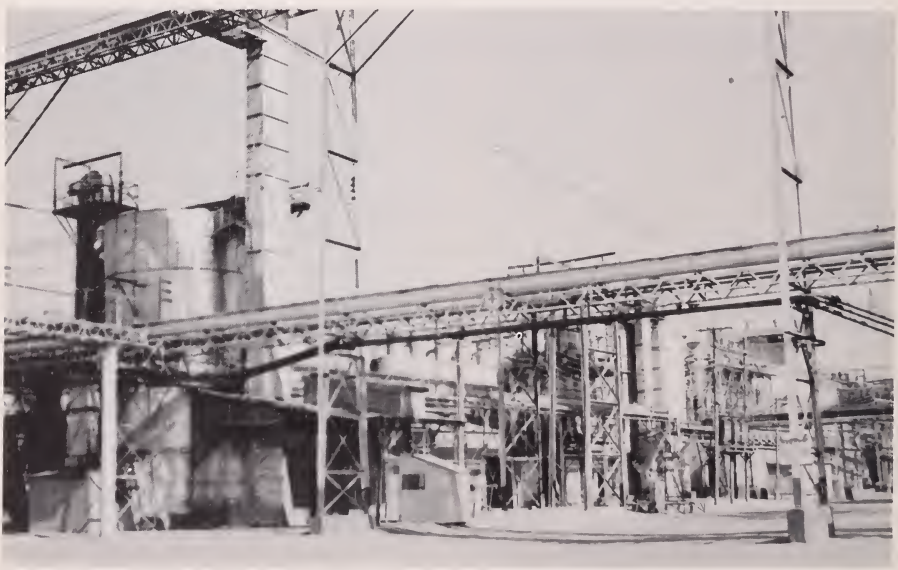
Hulls are used for such things as feed for cattle, sheep, and horses; in making bran, pulp, synthetic rubber, and plastics; in drilling oil wells; and for mulch.

Linters are used in bedding, furniture and automobiles and are converted into cellulose for such uses as rayon and acetate, explosives, and quality paper.

Sales

Products manufactured by PCOM are sold in many world markets. This is particularly true of oil and linters. It sells most of its meal, mixed feeds, and hulls domestically; but some meal is exported.

Until recently PCOM sold all cottonseed oil through brokers. After the organization of Soy-Cot Sales, Inc., Chicago, Ill., in 1962, a sales federation for soybean and cottonseed cooperatives, it has been mar-



PCOM conveyors make an artistic pattern of steel with processing facilities in the background.



PCOM's chief chemist tests to maintain high-quality products.

keting a large share of its oil through this organization.

Sales value of products and supplies sold by PCOM reached $28.4 million in 1964 (table 6).

Personnel

PCOM employs some 250 persons on a year-round basis. Its payroll during 1963–64 totaled about $1.4 million, including employee benefits and related costs.

TABLE 6.—*Cottonseed received and value of sales by products, Plains Cooperative Oil Mill, Lubbock, Tex., 1937–64*

Fiscal year ended June 30	Cottonseed received	Sales (in thousands of dollars)							
		Oil	Meal	Linters	Hulls	Mixed feeds	Other products [1]	Supplies [2]	Total sales
	Tons								
1937	2, 334	------	------	------	-----	-----	3	4	7
1938	10, 502	190	80	14	10	-----	------	16	310
1939	12, 277	226	212	10	12	-----	------	36	496
1940	12, 087	197	248	41	20	-----	------	36	542
1941	10, 938	152	245	43	11	-----	19	56	526
1942	15, 681	407	242	50	20	-----	82	93	894
1943	10, 218	302	197	115	21	-----	5	88	728
1944	15, 958	639	412	99	44	-----	70	86	1, 350
1945	19, 284	639	441	111	43	-----	240	85	1, 559
1946	5, 327	370	340	68	32	-----	234	15	1, 059
1947	17, 692	1, 297	700	245	62	-----	459	46	2, 809
1948	46, 028	1, 909	1, 195	275	122	-----	25	253	3, 779
1949	49, 571	2, 104	1, 233	199	111	-----	25	277	3, 949
1950	33, 773	1, 168	1, 403	160	92	-----	------	489	3, 312
1951	56, 313	4, 141	2, 571	1, 022	349	-----	162	400	8, 645
1952	102, 375	3, 924	3, 103	947	574	30	1, 153	391	10, 122
1953	122, 755	6, 475	4, 135	1, 030	621	240	10	260	12, 771
1954	141, 700	5, 873	3, 152	837	389	201	247	212	10, 911
1955	164, 306	7, 365	4, 529	845	389	438	1, 121	350	15, 037
1956	147, 492	6, 034	3, 342	808	311	38	212	565	11, 310
1957	160, 565	7, 771	3, 266	1, 202	480	593	1, 641	807	15, 760
1958	153, 323	7, 573	4, 421	916	401	337	397	797	14, 842
1959	216, 304	7, 944	4, 171	987	412	776	420	897	15, 607
1960	211, 535	7, 141	5, 227	985	457	698	195	702	15, 405
1961	243, 897	8, 185	5, 933	1, 355	768	479	537	856	18, 113
1962	332, 481	9, 773	5, 964	1, 960	856	571	3, 472	1, 507	24, 103
1963 [3]	345, 300	12, 031	9, 318	2, 109	1, 409	651	341	1, 067	26, 926
1964 [3]	307, 692	12, 430	9, 966	1, 845	1, 479	887	646	1, 099	28, 352
Total	2, 967, 708	116, 260	76, 046	18, 278	9, 495	5, 939	11, 716	11, 490	249, 224

[1] Mostly cottonseed and soybean oil and meal.
[2] Mostly bagging and ties for member gins.
[3] Does not include soybeans—5,048 tons in 1963 and 7,858 tons in 1964.

The association has an outstanding employee relations and benefit program. It holds several meetings of employees each year, keeping them informed about the association and its operations. It has a high wage scale and, in addition, gives generous bonuses. In addition, it gives employees group hospitalization, insurance, vacation, and retirement benefits.

There are several employee bonuses a year. Some are paid in cash and others in products. PCOM usually gives cash bonuses around the end of the fiscal year, June 30, and at Christmas time. All employees share in these, based generally on their wage or salary scale and length of service.

In addition, it gives each employee a ham at Easter, a turkey at Thanksgiving, and such products as fryers, salad oil, and shortening at special meetings of employees. It also gives a turkey at Christmas to managers of member gins and to directors of the cooperative.

COMPRESSING AND STORING

COTTON growers on the Texas Plains found in the middle and late 1940's that warehouse facilities in the area were not adequate to handle their crops properly. Insurance costs were prohibitive because warehouses did not have sprinkler systems. Other costs were also high, and services were poor. Many gins had to haul their cotton to Hamlin and Wichita Falls to get adequate pressing and storage. Many producers,

These towmotors are operated by employees of Plainview Cooperative Compress. The one in foreground is breaking cotton out of storage one bale at a time. The one in background hauls six bales to the press on each load.



unable to get warehouse receipts for loan purposes, sold their cotton from $10 to $20 a bale below the loan price.

These were some of the conditions that led farmers to organize their own compress. The idea of a cooperative compress, however, originated with gin cooperatives in a meeting of the board of directors of Plains Cooperative Oil Mill.

The development of cooperative compressing and storage on the Plains of Texas is largely the story of organization, growth, and operations of two cooperative federations. These are Farmers Cooperative Compress, Lubbock, Tex., organized in 1948, and Plainview (Tex.) Cooperative Compress, organized in 1953.

A third regional cooperative, Plains Cotton Cooperative Association, Lubbock, Tex., also performs compressing and storage operations. However, compressing and storage operations of this cooperative are an integral part of its primary function—marketing lint cotton. Therefore, this section will provide discussion of the compress and warehouse services of Farmers Cooperative Compress and Plainview Cooperative Compress, while brief discussion of these services in Plains Cotton Cooperative Association will be included in the section "Marketing Lint Cotton."

Farmers Cooperative Compress

FARMERS Cooperative Compress (FCC) is a cooperative warehouse and compress organization serving cotton farmers and gin cooperatives on the Plains of Texas. It was organized under the Co-operative Marketing Act of Texas on April 19, 1948.

Because farmers were accustomed to poor warehouse services before the organization of FCC, they informed the new manager that this compress was to be operated to perform a service and not necessarily to earn income for members. The association not only has met this demand; it has also increased the income of farmers substantially.

About 30 gin cooperatives on the Plains furnished $170,000 of initial capital to help the association get started. Plains Cooperative Oil Mill supplied another $40,000. FCC then borrowed about $250,000 from the Houston Bank for Cooperatives.

Present Structure

FCC is a federation, owned and operated by 76 gin cooperatives. Its organizational setup, membership requirements, and capital structure have changed but little since organization.

Membership

Any farmer cooperative may become a member of FCC, if found acceptable to the board of directors, by buying one share of common stock, signing the marketing agreement, and agreeing to comply with requirements of the articles of incorporation and bylaws of the association. Recently FCC adopted the policy that if a member cooperative does not patronize the association during a given year, FCC terminates its membership.

The association has more than doubled its membership since organization. Starting with 31 mem-



This clamp truck moves bale cotton to storage at a cooperative compress.

bers in 1948–49, the number increased steadily over the years to 76 by 1963–64, as shown in the next tabulation.

Fiscal year ended	Number of member associations
Feb. 28, 1949	31
Feb. 28, 1950	36
Feb. 28, 1951	38
Feb. 29, 1952	41
Feb. 28, 1953	41
July 31, 1954	42
July 31, 1955	47
July 31, 1956	49
July 31, 1957	53
June 30, 1958	58
June 30, 1959	55
June 30, 1960	57
June 30, 1961	59
June 30, 1962	66
June 30, 1963	67
June 30, 1964	76

The association adopted a membership agreement with member gins in 1959. Its primary purpose was to provide a legal document between FCC and its members, stating terms, conditions, and agreements between the two parties. Among other things, the agreement states:

"Farmers Cooperative Compress agrees to handle, compress, store and otherwise service, in accordance with its published tariffs and rules, all cotton delivered to it by Gin Association.

"Gin Association hereby guarantees to Farmers Cooperative Compress the payment of all costs and charges assessed against said cotton by Farmers Cooperative Compress, which said costs and charges shall be in accordance with the published tariffs and rules of Farmers Cooperative Compress. It is understood, however, that Farmers Cooperative Compress shall look first to such cotton for the payment of all such costs and charges."

In addition, the agreement states the methods of computing and allocating net savings. It does not require members to patronize the association.

Board of Directors

The board of directors of Farmers Cooperative Compress is comprised of one representative from each member gin, who can be a member, officer, or employee of that gin. Each member gin nominates a director every year and these are voted on at the annual meeting of the association. No limit is placed on the number of successive terms a director may serve.

Directors elect a president and vice president from their group. Five other members of the executive committee are elected from membership districts. The executive committee does not meet regularly, but rather at the call of the president. When subjects and problems arise common to all four regional cooperatives, a joint meeting of the executive committees of Plains Cooperative Oil Mill, Plains Cotton Cooperative Association, Farmers Cooperative Compress, and Plainview Cooperative Compress is called.

Capital Structure and Financing

Farmers Cooperative Compress is a stock cooperative. All voting rights are vested in holders of common stock; each member is allowed 1 vote.

Member gins provide most of the capital to finance the association, but FCC also borrows some money from the Houston Bank for Cooperatives. On June 30, 1964, it had outstanding loans from the bank of $830,000 and members' investments totaled more than $5 million.

The association uses a capital revolving fund for much of its financing. It retains part of the net savings for a short period to help finance its operations. Each year it distributes part of the net savings in cash and issues preferred stock for the balance. Preferred stock issued in earlier years is then redeemed at the discretion of the board of directors.

In the first several years, member gins made outright investments in FCC of about $320,000 to build warehouses and buy equipment. FCC issued first preferred stock for these investments, with the understanding that this stock would be retired before that of the regular preferred stock. By July 1955, all first preferred stock had been retired.

Net savings over the years have ranged from $48,100 in fiscal 1949 to $1,948,000 in fiscal 1964, before dividends on stock (table 7). During its first 16 years of operation, net savings totaled $11.6 million. Of this amount, $7 million has been returned to members in cash, and preferred stock in the amount of $4.6 million was outstanding on June 30, 1964. All preferred stock issued before 1961 had been retired.

On a per bale basis, net savings ranged from $0.62 in 1949 to $3.01 in 1964 and averaged $2.08. Net savings have increased steadily over the years, both in dollar amounts and on a per bale basis.



This is the office of Abernathy Farmers Cooperative gin. It is a member of Farmers Cooperative Compress, and Plains Cooperative Oil Mill, and its members also belong to Plains Cotton Cooperative Association.

TABLE 7.—*Net savings, dividends on stock, and patrons' equities, Farmers Cooperative Compress, Lubbock, Tex., 1949–64*

Fiscal year ended	Net savings [1]		Dividends on stock	Patrons' equities	Patrons' equities as percentage of total assets
	Total	Per bale received			
Feb. 28, 1949	$48,100	$0.62	----------	$260,536	50
Feb. 28, 1950	163,040	.95	----------	433,957	65
Feb. 28, 1951	119,768	.95	----------	543,852	75
Feb. 29, 1952	185,340	.97	$11,807	818,885	79
Feb. 28, 1953	339,594	1.37	30,101	1,128,378	85
July 31, 1954 [2]	335,909	1.75	33,698	1,150,123	68
July 31, 1955	501,051	1.85	43,350	1,567,225	66
July 31, 1956	536,724	1.98	60,034	2,043,914	65
July 31, 1957	584,824	1.70	79,100	2,122,284	72
June 30, 1958 [3]	744,798	2.12	82,239	2,324,443	70
June 30, 1959	1,135,362	2.54	90,324	2,760,375	66
June 30, 1960	890,336	2.09	107,761	2,873,835	75
June 30, 1961	812,034	1.67	114,957	3,026,478	71
June 30, 1962	1,355,550	2.05	121,069	3,503,462	64
June 30, 1963	1,864,102	2.80	140,137	4,444,025	78
June 30, 1964	1,947,660	3.01	164,004	5,101,313	84
Total or average [4]	11,564,192	2.08	1,078,581	5,101,313	72

[1] Before dividends on stock.
[2] 17-month period.
[3] 11-month period.
[4] Weighted.

Except for its first 3 years, FCC has paid a dividend on stock, usually 4 percent. Combined dividends over the years have exceeded $1 million.

Every year since organization, members have increased their investment in FCC. Over the years, member investments have about equaled the value of net fixed assets, and have ranged between 50 and 85 percent of total assets.

Services Performed

As indicated earlier, cotton farmers organized FCC to provide themselves at cost with the best warehousing and compressing services possible. The cooperative has rendered outstanding services, and, in addition, has improved the incomes of farmers substantially.

FCC performs all the services of a regular cotton warehouse and compress organization, the principal ones being receiving, storing, compressing, reweighing and resampling, marking, and selling loose cotton. A complete listing of the services with accompanying tariffs is given in the appendix, page 53.

For better control over services performed, the association has set up four departments—pressing operations, warehouse operations, receiving, and office. It keeps records and calculates costs per bale, output per man-hour, and other factors by departments on a weekly basis. By comparing results, week by week, it is able to locate both efficiencies and inefficiencies.

Volume of Business

FCC has had a steady, fast growth in volume of business.

Bales of cotton received in 1963–64 were more than 8 times as many as during the first year; and total revenue was more than 17 times as large.

Starting with 78,000 bales in 1948–49, volume received increased to more than 646,000 bales by 1963–64. Its peak volume, however, was in 1962–63 with 665,000 bales (table 8 and fig. 2).

Receipts per gin association likewise have increased over the years. During FCC's first 5 years, gins shipped an average of 5,200 bales a year; during the last 3 seasons, an average of 9,700 bales a year.

Revenue received for services has increased faster than bales handled, primarily because of small increases in tariff rates and longer storage made possible by improved sprinkler systems in warehouses. Revenue increased from about $238,000 in 1948–49 to more than $4.1 million in 1963–64; on a per bale basis it more than doubled, from $3.04 to $6.42.



This 12-bale towmotor moves bale cotton to storage at FCC.

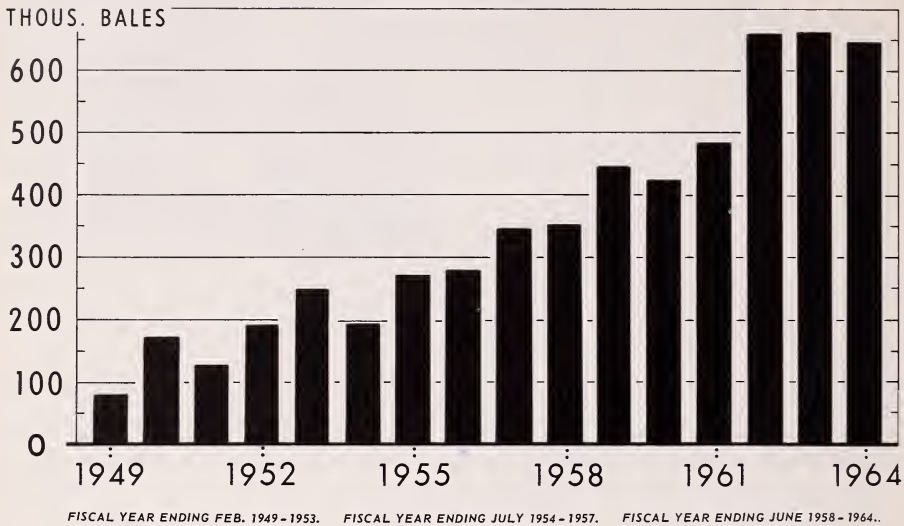
TABLE 8.—*Total revenue, expenses, and bales of cotton received by Farmers Cooperative Compress, Lubbock, Tex., 1949–64*

Fiscal year ended	Revenue		Expenses per bale received	Bales received	
	Total	Per bale received		Total	Average per patron [1]
				Number	*Number*
Feb. 28, 1949	$237, 607	$3. 04	$2. 42	78, 164	2, 605
Feb. 28, 1950	535, 907	3. 11	2. 16	172, 329	6, 155
Feb. 28, 1951	484, 650	3. 85	2. 90	125, 778	4, 337
Feb. 29, 1952	651, 655	3. 42	2. 45	190, 696	5, 779
Feb. 28, 1953	1, 045, 753	4. 22	2. 85	247, 594	6, 878
July 31, 1954 [2]	1, 019, 405	5. 30	3. 55	192, 339	6, 411
July 31, 1955	1, 437, 706	5. 31	3. 46	270, 552	6, 764
July 31, 1956	1, 486, 197	5. 49	3. 50	270, 914	6, 300
July 31, 1957	1, 926, 089	5. 60	3. 90	344, 015	7, 319
June 30, 1958 [3]	1, 970, 955	5. 61	3. 49	351, 266	6, 888
June 30, 1959	2, 783, 705	6. 23	3. 69	446, 907	8, 276
June 30, 1960	2, 888, 596	6. 80	4. 70	424, 984	7, 589
June 30, 1961	2, 748, 724	5. 67	3. 99	485, 087	8, 364
June 30, 1962	3, 221, 210	4. 87	2. 82	660, 959	9, 865
June 30, 1963	4, 187, 205	6. 30	3. 49	665, 107	10, 077
June 30, 1964	4, 146, 206	6. 42	3. 40	646, 036	9, 229
Total or average [4]	30, 771, 570	5. 52	3. 45	5, 572, 727	7, 751

[1] Gins shipping 200 bales or more per year.
[2] 17-month period.
[3] 11-month period.
[4] Weighted.

Figure 2

Bales of Cotton Received by Farmers Cooperative Compress, Lubbock, Texas



Over the 16 years, revenue totaled $30.8 million, comprised as shown in the tabulation below.

In addition to revenue, expenses have likewise increased. But on a per bale basis they have remained fairly constant since 1954. In the 11-year period, 1954–64, expenses in 9 of those years were between the narrow range of $3.40 and $3.99 a bale. For the 16-year period, 1949–64, they averaged $3.45 a bale.

Facilities

FCC owned 70 warehouses spread out over 425 acres of land on June 30, 1964. Of these, 69 were approved for storing baled cotton and 1 was used solely for storing samples, about 500,000 of them.

These warehouses are divided into three groups or plants to help simplify administration and operations. The tabulation on the next

Type of revenue	Amount of revenue	Revenue per bale of cotton received
Receiving	$4, 179, 544	$0. 75
Storage	12, 436, 636	2. 23
Compression	9, 186, 754	1. 65
Reweighing and resampling	917, 081	. 16
Marking	1, 132, 767	. 20
Loose cotton sales and automatic samples	1, 386, 375	. 25
All other	1, 532, 413	. 28
Total	30, 771, 570	5. 52

page shows number of warehouses and presses in each plant.

Plant No.	Number of warehouses	Number of presses
1	20	2
2	30	1
3	19	1
Total	69	4

Each warehouse stores about 7,500 bales. Because of the large volume handled, the association uses outside storage during part of the year, or until inside storage becomes available. However, in the fall of 1964, FCC built 14 additional warehouses, raising its total storage capacity to about 600,000 bales in 84 warehouses.

The four presses will compress bales to both standard and high density. Each press can handle about 140 bales an hour at standard density, or 100 bales an hour at high density.

The association has elaborate facilities for detecting, locating, and controlling fires. In 1964, it installed an automatic fire detection alarm system. This unit, with controls in the office, detects and locates fires in any warehouse. Each warehouse also has an automatic sprinkler system to control fires.

In addition, FCC has a fire truck to extinguish or control small fires, and has found it necessary to have this equipment on the premises because it could get to a fire much quicker than the city fire department—the nearest one being about 2 miles away.

Although FCC has not had any major losses from fire, it has had several small fires, as many as nine in 1 year. In 1962–63, fire losses totaled about $10,000.

Personnel

FCC employs some 100 personnel during the slack season, from March 1 to September 1, and nearly 300 during the busy season. Wages paid in 1963–64, including employee taxes and benefits, totaled more than $1.1 million, about 54 percent of all operating expenses.

The association has a comprehensive program of employee benefits, including hospitalization, life insurance, bonuses, vacation, holidays, and retirement.

Some 40 full-time employees, both salaried and hourly, are covered under group hospitalization and life insurance. Part-time employees are not covered.

In addition, FCC has a master hospitalization contract under which key employees of member gins are eligible to participate—the manager, gin superintendent, and bookkeeper. Each of the 36 gins that were participating in 1964 decided how much it would contribute and how much employees of the gins would pay toward premiums.



FCC's fire truck stands ready for an emergency.

Bonuses to salaried employees began in 1952. In 1954, the association started two bonuses a year, one at Christmas and the other at the close of the fiscal year. All salaried employees except manager, assistant manager, and comptroller receive bonuses.

Plainview Cooperative Compress

PLAINVIEW Cooperative Compress (PCC) is a cotton warehouse and compress association. It was organized on January 21, 1953, under the Co-operative Marketing Act of Texas to serve gin cooperatives and cotton farmers in the northern area of the South Plains. Its purposes and functions are the same as for Farmers Cooperative Compress; it merely serves a different geographic area.

Reasons for Organizing

PCC was an outgrowth of the cooperative compress at Lubbock. By 1952, the Lubbock association had proved so popular that it could not receive and handle all the cotton of member gins without greatly expanding its facilities.

Before organization of PCC, cotton production around Plainview had increased greatly with more irrigated farming. Production exceeded compress capacities in the area. Faster harvesting of cotton also taxed compresses. Thus many producers were unable to deliver their cotton to local compresses; they were forced to haul it excessively long distances or to leave it on the gin yard. This caused extra expense to producers and gins for insurance and hauling. In addition, some cotton buyers were slow in buying cotton from gin yards and discounted their price to the farmer.

In December 1952, the board of directors of Farmers Cooperative Compress decided that a cooperative press was needed at Plainview. After considerable study of whether it should be a branch of FCC or a separate association, gin representatives decided on the latter. Some of the major reasons for their decision were that a separate cooperative would be completely owned, operated, and controlled by member gins in the nearby area; and opportunities for improved service, management control, and growth would be better.

Financial Assistance From Other Cooperatives

Farmers Cooperative Compress helped the Plainview association during the organizational period. Since FCC had been operating for some 5 years and seven member gins in the vicinity of Plainview had substantial investments in the association, FCC loaned money to these gins so that they in turn could invest in PCC. The combined amount of these loans, $135,116, was about equal to the investment that such gins had in FCC. These loans were repaid as FCC retired preferred stock held by such local gins.

Several other gin cooperatives in the area, as well as Plains Cooperative Oil Mill, also purchased stock. In total, producers through their local cooperatives supplied about $290,000 of the initial capital. The Plainview association then borrowed about $350,000 from the

Houston Bank for Cooperatives to pay for the balance of their initial facilities, five warehouses and a press, costing about $640,000, including 316 acres of land.

Present Structure

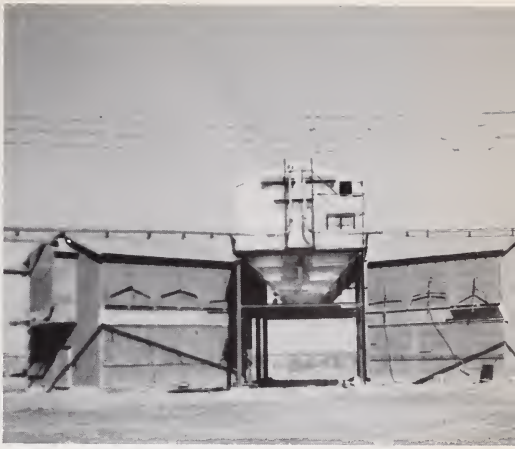
PCC is a federated association owned by 21 gin cooperatives and Plains Cotton Cooperative Association. Its organizational setup, membership requirements, and financial structure are similar to those of Farmers Cooperative Compress, discussed earlier.

Membership

Any cooperative organized under the Co-operative Marketing Act of Texas may become a member of PCC, if found acceptable to the board of directors, by buying one share of common stock, signing the marketing agreement, and agreeing to comply with the terms of the articles of incorporation and bylaws of the association. Each member also must have a letter of exemption from Internal Revenue Service. If a member stockholder should cease to operate a cotton gin or cease to patronize the association, the board of directors may suspend or terminate the gin's membership.

The number of members in PCC has ranged as follows:

Fiscal year ended	Number of members
April 30, 1954	17
April 30, 1955	17
April 30, 1956	18
April 30, 1957	18
June 30, 1958	22
June 30, 1959	21
June 30, 1960	19
June 30, 1961	19
June 30, 1962	20
June 30, 1963	21
June 30, 1964	21



PCC's new seed house sits between two old seed houses, now used to store planting seed.

Included in the membership have been Plains Cooperative Oil Mills from 1954 through 1960, and Plains Cotton Cooperative Association from 1958 through 1964. All other members were gin cooperatives. A few of these were also members of Farmers Cooperative Compress.

PCC has a membership agreement with member gins. The purpose and terms of this agreement are similar to those in the agreement used by Farmers Cooperative Compress.

In addition, the bylaws of the association state:

"The patrons of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and these By-Laws shall constitute a contract between the Association and the patrons, and both the Association and the patrons are bound by said contract, as fully as though each patron had individually signed a separate instrument containing said terms and conditions."



PCC uses both 3- and 6-bale clamp trucks to move cotton from storage to press.

Board of Directors

Each member association holding a share of common stock in PCC is entitled to one representative on the board of directors. Member associations nominate from their membership, officers, or employees an individual to serve on the board, and these nominees are voted on at the annual stockholders meeting of PCC.

Directors serve for a period of 1 year, and no limitation is placed on the number of successive terms they may serve. The board elects annually from its number a president and a vice president. It also elects a secretary-treasurer, who need not be a director. At present the secretary-treasurer is also the general manager.

The board of directors elects from its own membership an executive committee of five members. However, two of these five are the president and the secretary-treasurer.

The executive committee meets monthly and at special meetings when called. It must keep accurate minutes of its proceedings and submit a report thereof to all directors within 7 days following such meeting. The board of directors considers and acts upon the minutes of the executive committee at its next succeeding meeting. The executive committee of PCC perhaps has a more important role in managing the association than the executive committees of Plains Cooperative Oil Mill and Farmers Cooperative Compress, discussed earlier.

Capital Structure and Financing

PCC is a stock cooperative, with all voting rights held by member

gins that hold common stock. Each member is allowed one vote.

Patrons provide most of the capital to finance the association. Since the association uses a revolving capital fund, some of the annual net savings are retained in the cooperative and revolved when that decision is made by the board of directors. PCC also borrows money from the Houston Bank for Cooperatives. On June 30, 1964, member investments were $1,718,776 and loans outstanding from the Houston bank totaled $338,000.

During its early years, member gins made cash investments in PCC of about $395,000 to help get the association started. PCC issued first preferred stock for these investments. By 1963, all first preferred stock had been retired as well as $185,113 of regular preferred stock. The oldest outstanding stock as of June 30, 1964, was that issued in 1955.

PCC had combined net savings over its 11-year history of more than $2.5 million (table 9). Net savings ranged from $94,000 in 1958 to $419,000 in 1964, and averaged $231,000 for the 11 years. On a per bale basis, they ranged from $0.96 to $2.98 and averaged $1.89.

Members have owned the major share of assets over the life of the association. In the very first year, their investments equaled 64 percent of the assets, and by 1964 had reached 82 percent.

Member investments have increased steadily over the years, from about $476,000 in 1954 to $1.7 million in 1964. A balance sheet of the association at June 30, 1964, is given in the appendix.

Services Performed

PCC performs all the ordinary services of a cotton warehouse and compress organization including receiving, storing, compressing, reweighing, and resampling, marking, and selling loose cotton.

In 1964, PCC installed electronic office equipment to expedite and improve services performed in paperwork and recordkeeping. It also constructed a modern conveyor system to receive, tag, weigh, and sam-

TABLE 9.—*Net savings, dividends on stock, and outstanding stock and patrons' equities, Plainview Cooperative Compress, Apr. 30, 1954, to June 30, 1964*

Fiscal year ended	Net savings [1]	Net savings per bale received [1]	Dividends on stock and patrons' equities	Outstanding stock and patrons' equities	Patrons' equities as percentage of total assets
Apr. 30, 1954	$196, 738	$1. 57	$11, 620	$475, 613	64
Apr. 30, 1955	224, 504	1. 74	23, 304	783, 812	59
Apr. 30, 1956	139, 320	1. 61	31, 356	891, 876	58
Apr. 30, 1957	234, 837	1. 98	35, 675	1, 091, 038	71
June 30, 1958 [2]	94, 034	1. 11	50, 930	1, 134, 443	65
June 30, 1959	338, 318	2. 77	45, 374	1, 167, 371	62
June 30, 1960	201, 081	2. 27	46, 687	1, 204, 011	75
June 30, 1961	191, 663	1. 48	48, 164	1, 218, 343	75
June 30, 1962	143, 917	. 96	0	1, 295, 165	64
June 30, 1963	360, 721	2. 13	51, 815	1, 604, 272	77
June 30, 1964	419, 135	2. 98	54, 152	1, 718, 776	82
Total or average	2, 544, 268	1. 89	399, 077	1, 718, 776	69

[1] Before dividends on stock.
[2] 14-month period.

ple in-bound receipts. This system should improve services as well as reduce costs. The association estimates it will reduce the number of employees required for each receiving crew by about 12.

Volume of Business

PCC received 1,345,434 bales of cotton during its first 11 years of operation, an average of 122,312 bales per year (table 10). During its first 8 years, receipts per year fluctuated between 85,000 and 129,000. During the 3 years, 1961–62 to 1963–64, receipts increased substantially, averaging over 153,000 bales a year (fig. 3).

Receipts per gin association over the 11 years averaged 8,625 bales. Volume per gin did not show a significant trend up or down (table 10).

Although total revenue received from services rendered increased from about $490,000 in 1953–54 to $1,100,000 in 1963–64, revenue per bale did not increase appreciably except in 1963–64. Revenue for the 11 years averaged $5.86 a bale and totaled nearly $7.9 million.

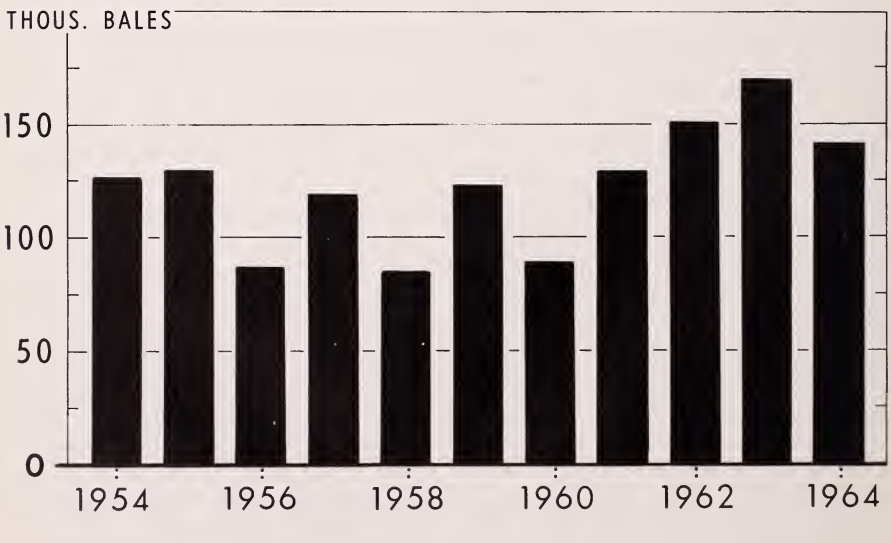
Total expenses per bale of cotton received averaged $4.05 a bale. Although expenses have fluctuated from year to year, no trend is evident indicating increased per unit expenses, despite the fact that costs of labor, equipment, and almost all other items have risen substantially over the past decade.

Facilities

By June 30, 1964, PCC had facilities costing $2.2 million with a net, undepreciated cost of about $1.5

Figure 3

Bales of Cotton Received by Plainview Cooperative Compress, Plainview, Texas





PCC's electronic scale weighs cotton on the compress yard. This was the second electronic scale to be installed in the cotton industry.

million. Warehouse buildings accounted for more than one-half the cost of facilities.

The association owns 26 warehouses; 24 of these are approved for Government storage. A press is in one building and another warehouse is used for storing samples. Total storage capacity is 170,000 flat bales (cotton bales before compression). PCC built four warehouses in 1964.

In addition, the association owns

TABLE 10.—*Total revenue and bales received by Plainview Cooperative Compress, April 30, 1954, to June 30, 1964*

Fiscal year ended	Revenue		Expenses per bale received	Number of bales received	
	Total	Per bale received		Total	Average per patron [1]
Apr. 30, 1954	$487,387	$3.89	$2.32	125,227	11,384
Apr. 30, 1955	606,138	4.69	2.96	129.124	9,933
Apr. 30, 1956	528,487	6.09	4.48	86,775	7,889
Apr. 30, 1957	722,988	6.08	4.11	118,892	9,908
June 30, 1958 [2]	505,057	5.95	4.84	84,887	6,336
June 30, 1959	885,674	7.24	4.48	122,248	8,732
June 30, 1960	639,238	7.21	5.44	88,674	5,912
June 30, 1961	685,477	5.30	4.32	129,248	8,078
June 30, 1962	712,759	4.75	3.79	150,105	10,007
June 30, 1963	1,012,779	5.97	3.85	169,562	8,924
June 30, 1964	1,103,394	7.84	4.86	140,692	8,793
Total or average	7,889,378	5.86	4.05	1,345,434	8,625

[1] Based on patrons shipping 1,000 bales or more a year to association. Average volumes do not represent total volumes handled by gins as two gins sent part of their volume to Farmers Cooperative Compress, Lubbock.

[2] 14-month period.

320 acres of land valued at $111,610 and leases another 105 acres.

Personnel

PCC employs about 35 full-time employees and an average of 155 during the rush season, November through January. Wages and salaries paid in 1963–64 including employee taxes, bonuses, and benefits totaled about $388,000, or 58 percent of all operating expenses.

Principal employee benefits include bonuses, hospitalization insurance, and vacations. The association does not provide employees with life insurance or retirement benefits.

All permanent employees, both salaried and hourly, receive a bonus at Christmas time. Employees who have worked 7 years or more receive a higher bonus than those who have worked fewer than 7 years.

PCC has a master group hospitalization plan under which full-time employees of member gins are eligible to participate. This is similar to the plan offered by FCC. In 1964, 12 gins were participating in addition to the compress. For the compress employees, PCC pays about 40 percent of the premiums and employees 60 percent.

MARKETING LINT COTTON

In early 1953, a committee of farmers spent several weeks studying the need for cooperative marketing of lint cotton in the Plains area and the advisability of organizing a cotton marketing cooperative for this purpose.

Among other things, this committee found that costs of marketing cotton from the Lubbock area were unduly high compared with other areas; that farmers needed a cash market at all gins every day during the season, not just when the market was strong; that farmers needed more bargaining power in their cotton merchandising efforts; and that they wanted their cotton advertised and promoted more aggressively.

A report on costs of marketing cotton from central markets to southeastern (group B) mills for the 1951–52 season confirmed that the total cost of selling cotton from the Lubbock market was higher than at the 11 other markets studied. Costs at four of the markets covered in the study are shown in table 11. The total marketing cost for the Lubbock market was $14.20 a bale, $1.80 a bale higher than at Dallas.

The same report showed that over an 8-year period costs per bale increased considerably more at Lubbock than at five other markets studied. The increase ranged from $1.30 in Charleston, S.C., and Montgomery, Ala., to $6.95 at Lubbock.

These unfavorable cost changes, coupled with lower selling prices, and other unsatisfactory conditions mentioned earlier, led producers to organize their own marketing cooperative.

TABLE 11.—*Estimated costs per bale of marketing cotton from specified central markets to southeastern (group B) mills, 1951–52 season.*[1]

[Dollars per bale]

Market	Freight	Margin for overhead and profit	All other costs	Total cost
Augusta, Ga	$1.45	$2.45	$2.35	$6.25
Memphis, Tenn	4.25	2.20	3.95	10.40
Dallas, Tex	5.25	2.40	4.75	12.40
Lubbock, Tex	5.65	4.05	4.50	14.20

[1] McLure, Joe H., and Fortenberry, A. J. Costs in The Marketing of Cotton From Central Markets to Southeastern Mills. Prod. and Mktg. Admin., U.S. Dept. Agr., Oct. 1953.

Plains Cotton Cooperative Association

THIS cooperative (PCCA) was organized on September 23, 1953. After operating 11 years, it had become one of the world's largest handlers of American cotton. During 1963–64, PCCA received nearly 962,000 bales from 22,214 Texas and Oklahoma cotton farmers. This exceptionally fast growth, coupled with its emphasis on providing modern services and large returns to farmers, is evidence of both the economic need for the association and its good operation.

Since 1952–53, data have not been published on marketing costs similar to that growers studied when they decided to organize PCCA. However, the information that is readily available indicates that costs in the Lubbock area are now among the lowest in the Nation, after transportation costs are excluded.

In addition to its net savings, PCCA has returned farmers an additional $6.2 million in cash in excess of the loan value of cotton as it was delivered.

Gin cooperatives act as agents for PCCA in receiving most of the cotton the association markets.

From this headquarters office building, Plains Cotton Cooperative Association markets cotton for more than 22,000 Texas and Oklahoma farmers.



PCCA pays the gins 50 cents a bale for this service; these payments totaled $477,345 in 1963–64. These fees form a part of the income of the gin cooperatives.

PCCA has worked with railroad companies to develop a transportation or freight allowance program. Under this program, cotton moves from gins to compresses by truck. However, railroad billing is taken out to cover transportation as if the cotton were moved in box cars. When the cotton is later sold and shipped from compresses to mills or port, all or part of the railroad freight from gins to compresses is refunded under the rail transit system. Railroads pay the farmer, through PCCA and gin cooperatives, an allowance for having moved the cotton by truck even though the railroads did not perform this service.

This system, new in the area in 1963, was in operation for only part of that year's harvest. Still, it resulted in transportation savings to member producers of $397,800. In the future, PCCA estimates that money from this source will improve the income of members by at least $500,000 a year.

Present Structure

Individual farmers are the members of PCCA. In addition to the general office at Lubbock, Tex., it has branch offices at Sweetwater, Tex., and Altus, Okla. It is referred to in this report as a regional association since its operations cover a large area.

Membership

Any person, firm, partnership, corporation, or association that is a bona fide producer of agricultural products handled by the association may become a member of PCCA by signing a marketing agreement, obtaining approval of the board of directors, and agreeing to comply with requirements of its articles of incorporation and bylaws.

PCCA issues a membership certificate to each member. Each person who holds a valid membership certificate is entitled to one vote, regardless of the amount of his patronage or amount of equity capital he owns.

The board of directors reviews the membership roll each year. Those producers who have not patronized the association for 3 years are notified they are being placed on the inactive, nonvoting roll until they again patronize the association.

The number of patrons (shippers) of PCCA increased steadily from the start, reaching 12,000 in 1963. By 1964, the number exceeded 22,000, as the next tabulation shows. The increase resulted primarily because the membership area and services were expanded into Oklahoma.

Year ended	Number of patrons
June 30, 1954	1, 200
June 30, 1955	2, 500
June 30, 1956	3, 000
June 30, 1957	4, 000
June 30, 1958	5, 500
July 31, 1959	5, 306
July 31, 1960	8, 000
July 31, 1961	8, 000
July 31, 1962	11, 000
July 31, 1963	12, 000
July 31, 1964	[1] 22, 214

[1] Includes patrons in Oklahoma.

Board of Directors

The method of selecting the board of directors of PCCA is unique among cotton marketing cooperatives. By 1964, it had a total of 148 directors.



All the cotton PCCA markets for its farmer members is classed and graded with this modern equipment.

The board of directors of each member gin cooperative in the operating area of the association nominates one person to serve on the board of directors of PCCA. At the annual stockholders meeting, PCCA members vote on these nominees plus any persons nominated from the floor.

In effect, each local gin serves as a director district of the association. Elected directors serve for 1 year. No limitations are placed on the number of successive terms a director may serve.

Each year the directors elect from their number a president and a vice president. They also elect a secretary and a treasurer who need not be directors. The bylaws state that in electing the president and the vice president at least two persons shall be nominated for each office and that voting shall be by secret ballot.

Directors also elect seven additional persons from among themselves to the executive committee. For this purpose, the association has divided its procurement area into seven districts. Five of these are on the South Plains; one includes the Altus, Okla., area; and one, the Sweetwater area of Texas. The president and the vice president are also members of the executive committee, making the total number nine.

The executive committee meets only when called. It keeps minutes of these meetings and submits its actions to the full board of directors for approval or disapproval.

Capital Structure and Financing

Originally PCCA was organized with capital stock. Common stock was issued in evidence of membership, and preferred stock was credited on the books as evidence of other investments by patrons.

In recent years, the association changed from a stock to a nonstock cooperative. It redeemed or canceled all common stock certificates



A group of key-punch operators work in one of PCCA's well-lighted offices.

and the par value of such stock was credited to the accounts of members in the form of book credits.

Preferred stock was likewise retired or canceled, and the holders received book credits on the records of the association for the par value of their preferred stock. PCCA issued a "patron's earning notice" to each such patron, noting the amount of book credits. Currently, the association issues such notices for noncash allocations of net savings. However, it also sometimes issues preferred stock and building bonds for other types of investment in PCCA, as discussed later.

PCCA obtains capital for operating purposes primarily from three sources—members, the Houston Bank for Cooperatives, and gin cooperatives. Capital from gin cooperatives is for special purposes, such as to construct warehouses. On July 31, 1964, the association had building bonds outstanding in the amount of $408,030. Gin cooperatives bought these to help finance the building of cotton warehouses in Altus, Okla., and Sweetwater, and Lubbock, Tex.

Major sources of capital are members and the Houston bank. On July 31, 1964, members had investments in PCCA totaling $3.9 million, and the association had outstanding loans from the Houston bank of about $9.5 million. The amount borrowed fluctuates widely depending on the need. For example, loans outstanding with the Houston bank a year earlier were only $575,600.

Since its beginning in 1953, PCCA has accumulated capital from producer members of about $6.5 million and of this amount has returned $2.6 million (table 12).

PCCA has distributed a substantial amount of its net savings in cash in most years. The balance has been credited to the accounts of patrons on the books of the association. This capital is set up on a revolving basis and returned to patrons when decided by the board of directors. All equity capital accumulated before 1958 has been returned.

Volume of Business

The number of bales marketed by PCCA has grown rapidly. It received 53,000 bales during its first

TABLE 12.—*Accumulation of member equity capital, retirements, and members' equity, Plains Cotton Cooperative Association, Lubbock, Tex., 1954–64*

Fiscal year ended	Capital accumulation				Retirements			Members' equities
	Net savings	Stock issued [1]	Other capital	Total accumulation	Patronage refunds paid in cash	Stock retirements	Accumulated retirements	
June 30, 1954	$1,223	$59,891	----------	$61,114	----------	----------	----------	$61,114
June 30, 1955	69,948	46,034	----------	177,096	----------	----------	----------	177,096
June 30, 1956	59,369	[2] (16,454)	----------	220,011	$69,200	$20,000	$89,200	130,811
June 30, 1957	232,877	----------	----------	452,888	22,101	18,779	130,080	322,808
June 30, 1958	643,989	----------	$12,730	1,109,607	168,677	----------	298,757	810,850
July 31, 1959 [3]	501,109	237,021	----------	1,847,737	430,779	----------	729,536	1,118,201
July 31, 1960	287,619	12,941	----------	2,148,297	512,232	----------	1,241,768	906,529
July 31, 1961	1,512,429	19,490	----------	3,680,216	81,553	----------	1,323,321	[2] 356,895
July 31, 1962	70,521	----------	(12,730)	3,738,007	589,805	85,477	1,998,603	[1] 739,404
July 31, 1963	1,377,904	----------	----------	5,115,911	----------	----------	1,998,603	3,117,308
July 31, 1964	1,051,823	388,937	----------	6,556,671	404,057	219,993	2,622,653	3,934,018
Total	5,808,811	747,860	----------	6,556,671	2,278,404	344,249	2,622,653	3,934,018

[1] Not including stock issued as a distribution of net savings.
[2] Adjustment of stock issued in prior years.
[3] 13-month period.

year in 1953–54 and nearly 962,000 bales 11 years later in 1963–64 (fig. 4)—an 18-fold increase, as the tabulation shows. It is now reported to be the largest handler of American cotton.

Fiscal year ended	Number of bales received
June 30, 1954	[1] 53, 000
June 30, 1955	[1] 85, 000
June 30, 1956	[1] 125, 000
June 30, 1957	[1] 138, 000
June 30, 1958	310, 296
July 31, 1959	303, 352
July 31, 1960	424, 640
July 31, 1961	368, 253
July 31, 1962	829, 657
July 31, 1963	829, 493
July 31, 1964	961, 937
Total	4, 428, 628

[1] Estimated by association officials.

During its first 4 years of operation, bales received averaged about 100,000 a year. During the second 4-year period, volumes increased substantially, averaging 350,000 bales a year. Another new plateau was reached during the last 3-year period; volume handled averaged nearly 875,000 bales a year.

Operating Methods

PCCA has gained an outstanding reputation for developing many new techniques and procedures in merchandising cotton. Its fiber testing program and daily competitive-bid sales program have been valuable innovations in the cotton industry. In 1963, PCCA inaugurated a compress and warehouse program to perform these services for farmers in new areas and to coordinate and further strengthen the merchandising program of the association.

Compress Operations

The first step in handling cotton through the association takes place at the gin. Here the farmer and PCCA enter into a marketing agreement. Under this, the grower agrees to dispose of his cotton through facilities of the association; and the association agrees to make its facilities available to the grower for that purpose.

Gins then haul the cotton to one of four cooperative warehouse facilities, at Lubbock, Plainview, or Sweetwater, Tex., or Altus, Okla. Among other things, the compresses issue a warehouse receipt to the grower on each bale. They also cut cotton for samples from each side of the bale. This cotton is divided into three samples; one goes to the classing offices of Consumer and Marketing Service for official U.S. Department of Agriculture (green card) class; another goes into storage at the compress for use in display and selling; and the third goes to PCCA's fiber laboratory for quality and grade analysis.

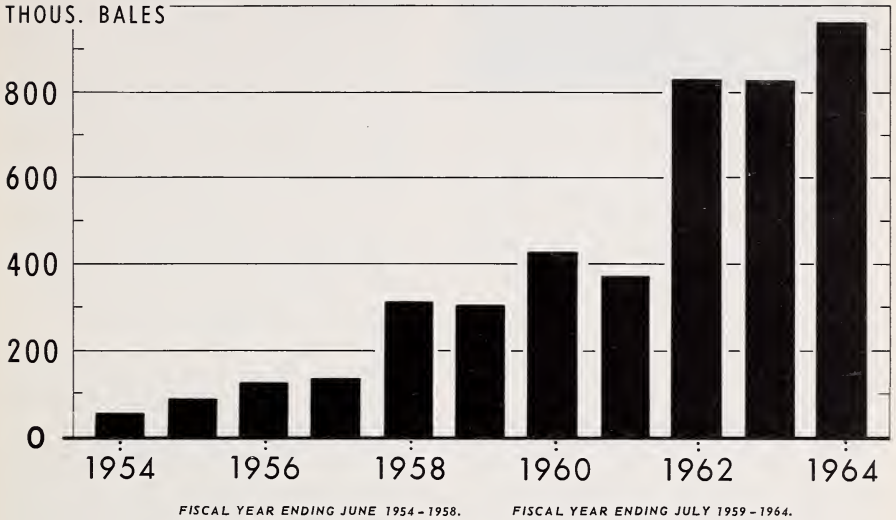
Fiber Testing

During the rush season, as many as 27,000 samples a day may reach PCCA's laboratory. PCCA pioneered in developing a production line to test samples fast and accurately. Originally this work was performed in the association's main office building. In 1964, it built a separate fiber laboratory costing some $250,000, to carry on its fiber testing.

Both halves of the sample from each bale are tested on one of the four lines. The two halves move along the lines at a rate averaging about 400 bales (800 samples) an hour, or 1,600 bales an hour on the four lines. Each of the 2 shifts tests about 13,500 bales, or a combined total of 27,000 bales a day. During the active season, the labo-

Figure 4

Bales of Cotton Received by Plains Cotton Cooperative Association, Lubbock, Texas



ratory operates 7 days a week.

The 10 trained operators on each line test the samples for leaf, trash, preparation, and color, and for fineness and maturity on the micronaire machines. Operators record test information on quality cards that move with the samples.

The association gives the producer complete quality and other information on each of his bales. Grade and staple determined by USDA, bale number, weight, and other information from the warehouse receipt, and micronaire determined by PCCA are all key punched and printed on a "Class Information Card". PCCA delivers these cards to the gin office, which in turn gives this card to the producers. Even during the rush season all of these services are performed in some 4 or 5 days.

Kinds of Sales Programs

The merchandising programs of PCCA have varied over the years because of changes in competitive conditions and in U.S. Government programs. For the 1964 crop year, it had two major programs or pools. These are described as the merchandising program and the ineligible program.

Merchandising Program.—This is the principal sales program of the association. All cotton that is delivered or signed over to the association during a 24-hour period and is of the same official (Smith-Doxey) class, micronaire, and storage location is considered as one pool. All cotton accepted in the merchandising program must be eligible for loan.

PCCA advances the grower the market value of his cotton or the



PCCA's treasurer sits next to the cooperative's visible file record of patrons, of whom there were some 22,000 included in 11 books at the time this picture was taken. The file will hold 45,000 records.

Government loan price, whichever is higher. Market value often is determined through the association's competitive bid program, discussed later. This initial price is an advance and not a final payment. From the initial advance, PCCA makes certain deductions based on its costs or discounts on sales.

Two regular deductions are a receiving charge and an invoicing deduction. The receiving charge is based on the tariff of the warehouse at which cotton is received and stored. On the 1964 crop, the total receiving charge was $1.60 a bale—75 cents as a warehouse receiving charge, 50 cents for boll weevil eradication, and 35 cents a bale for the Cotton Producers Institute.

The invoicing deduction was 75 cents a bale, but 50 cents of this was paid to gins on each bale they received as agent for the association.

Other deductions are made for producers who ship light or heavy bales or who delay invoicing cotton to the association beyond 25 days, and for bales moved from one warehouse to another.

At the end of the marketing year, all proceeds from selling cotton received in the merchandising program, less marketing costs, are allocated to growers at the same rate per bale.

Ineligible Program—Most cotton received from members which is ineligible for Government loan, is placed in the Ineligible Program pool. This includes below grades "B/G's", loose, repacks, light and heavy bales, and bales purchased from farmers by gin cooperatives. Operations of the Ineligible Program pool, including the handling of patronage refunds, are similar to the methods outlined in the section titled Merchandising Program.

Selling by Competitive Bid

This program, developed by PCCA in 1961, is a unique feature in merchandising cotton.

All cotton received by the association during a 24-hour period in the active season is catalogued by grade, staple, micronaire, and storage location. Quality determinations for this purpose are based upon USDA classifications.

Each evening, the association airmails these daily catalogues to cotton exchanges in Dallas, Houston, and Memphis, and also supplies them to local merchants. By the next morning, merchants at these centers have a complete listing of bales offered for sale.

Merchants bid, usually by recorded telephone, on the cotton they want. Bids are sealed and at 2:00 p.m. each day, Monday through Friday, they are opened. Bid results are key punched and fed to the association's computer, which selects the high bid on each lot of cotton. The association determines which lots of cotton to sell and which lots to retain. Cotton retained by the association usually is

offered for sale again through weekly catalogue sales from February through July. Through this program, all inventories are kept constantly available to merchants and mills.

The competitive-bid sales program helps the association to know the value of cotton at the central-market level. The association supplies this basic market information to members through its advance price schedule. These schedules contain prices the association is advancing on each of its hundreds of quality combinations.

These schedules are distributed through an overnight courier service to each gin cooperative, and the schedules are publicly posted at these gins. Thus, PCCA keeps some 20,000 farmers posted on daily spot cotton prices. Such a program helps to give price stability and protection to all farmers in western Texas and Oklahoma.

Sales Outlets

PCCA sells cotton in both domestic and world markets—to such outlets as country merchants, cotton shippers, domestic and foreign mills, and foreign importing houses. A large share now moves in international trade, to some 26 foreign countries.

In addition to the central office in Lubbock, the association has branch sales offices in Atlanta, Ga.; Greenville, S.C.; Osaka, Japan; Seoul, Korea; Lausanne, Switzerland; and Hong Kong. It has sales agents in 24 other countries.

In 1961, the association sold more than 325,000 bales through competitive bids. Since then, the volume sold through competitive bids has declined sharply because merchants generally bought their requirements from CCC sales programs. The association's sales to mills have increased materially since 1961.

Courier Service

PCCA has developed an unusual system of keeping in constant communication with its 22,000 members, who are scattered over a wide area of western Texas and Oklahoma. It set up the system to provide fast and efficient services to farmer members, particularly for sales purposes.

Gin cooperatives are a main key in this program. Each day about dark, employees as couriers of PCCA load their half-ton pickups



Texas and Oklahoma cotton marketed by PCCA blankets the world.

with locked mail pouches containing checks, daily price schedules, class information cards, and other reports and supplies. They deliver these to each of the 148 affiliated gins and pick up at each gin a locked pouch of warehouse receipts, marketing agreements, and other official papers for delivery to the association.

Eight men with their trucks perform this service 6 days a week during the active season. Five have routes in Texas, and three have routes in Oklahoma. Only one of the latter three shuttles back and forth between Lubbock, Tex., and Altus, Okla. Miles traveled each night total about 3,000.

With this well-organized service, producers receive payment for their cotton within 1½ days after submitting warehouse receipts. Couriers return these to Lubbock about 6:00 a.m. The central office processes the papers during the day and delivers the checks that night; they come in one night and go back the next.

Of course, producers can receive immediate payment for their cotton by requesting gins to write their checks. But the association is writing more and more checks, about 70 percent in 1964.

Facilities

By adding new compress and warehouse services, including warehouse humidification, PCCA has greatly expanded and improved its facilities in recent years. On July 31, 1961, the net value of property, plant, and equipment totaled about $575,000. By July 31, 1964, this had increased to nearly $4.4 million.

Principal facilities and net value by location as of July 31, 1964, are shown in the tabulation below.

In the fall of 1964, the association built a new fiber testing laboratory in Lubbock costing about $250,000 for building and equipment.

Personnel

Although PCCA hires only about 65 permanent employees, it has some 400 during the active season, November through January. During the peak season, the number of employees may reach over 500.

Wages and salaries paid in 1963–64, including employee taxes, bonuses, and other benefits, totaled about $1.2 million.

The association issues all employees a printed statement outlining personnel policies and employee benefits. This includes in-

Location	Type of facility	Net value
Lubbock	Office bldg. and equipment, warehouse bldg. and equipment, and warehouse humidification.	$1, 274, 569
Sweetwater	Compress and warehouse bldgs. and equipment.	1, 346, 600
Altus	Compress and warehouse bldgs. and equipment.	1, 418, 157
Galveston	Warehouse and other equipment	43, 814
All locations	Land	286, 933
Total		4, 370, 073

formation on vacations, sick leave, hospitalization and life insurance, bonuses, holidays, and other information.

Most employee benefits are limited to permanent employees, as temporary employees work only 3 to 4 months a year. PCCA pays a small bonus to all employees at Christmas and may pay a bonus to salaried employees at the end of the fiscal year. Hourly employees receive time and one-half for hours over 40 per week and, therefore, are compensated for their extra work.

The association did not have a retirement program for employees in 1964.

MEMBER AND PUBLIC RELATIONS

EACH of the four regional cooperatives has strong member and public relations programs. Because many of their activities overlap, or are carried on a joint basis, they are discussed together in one section in this report.

Member Relations

MEMBERSHIP relations may be defined as the "relationships that bring about the necessary two-way flow of information and responsibilities between members and management of cooperatives." Over the years, cotton cooperatives on the South Plains have maintained this two-way flow with resulting benefits to both member patrons and the cooperatives. They have done this through their annual meetings, board of directors and executive committee meetings, newsletters, annual reports, and other methods.

Meetings of the boards of directors have been a most effective means of developing and maintaining information flow between members and management.

In 1964, the four regional cooperatives had a total of 337 directors, but some of these served on more than one board. Directors of gin cooperatives that are affiliated with the four regionals are estimated to number 1,050. Over a period of years, the number of farmers who have served as directors in these cooperatives would reach several thousand. These directors receive detailed factual information about their cooperatives and then pass much of it on to their farmer neighbors and other community people.

Directors and members spent an estimated total of 32,000 hours at various meetings of the 148 cotton cooperatives on the South Plains of Texas and Oklahoma in 1963–64. This includes meetings of the boards of directors and the executive committees and the annual membership meeting. In addition, officials of regional associations attended about 100 meetings of stockholders of gin cooperatives in 1964, usually making brief talks. In each of these meetings, membership relations between members and management were being strengthened.

Each of the four regionals and almost all of the gin cooperatives publish and issue a detailed annual report to members every year.



In its modern headquarters building, PCOM has this meetingroom. Community groups use it on an average of more than four a week. Gatherings include businessmen's and youth club meetings, social affairs, church suppers, and many others.

These keep members informed about the financial and other affairs of their organizations. Many of the gins now utilize what was once unused or blank space on the annual reports to inform members about the principles and practices of cooperation, and to point out to farmers how they can continue to improve their income by working together on common problems.

Since PCCA is the only regional with producers as direct members, it is the only one that issues a regularly published house organ. It has issued its "Cotton Cooperative Commentator" for 9 years. In 1964, this magazine went to some 27,000 farmers and other leaders every other month to keep them informed about PCCA and other events of interest. PCCA also conducts training meetings for office employees at the start of each harvest season.

Public Relations

COTTON cooperatives around Lubbock have done an outstanding job of building a good image among the general public—in the area, the State of Texas, and the Nation. They have done this through numerous individual projects and many joint programs.

Perhaps one of the most important phases of their public relations has been the generous contributions made by the regional cooperatives. They have donated an estimated $100,000 to such organizations as cotton research foundations, experiment stations, Texas Tech. University, United Fund, Boy Scouts of America, local hospitals, and children's homes.

In addition, they have loaned upwards of $100,000 to various organizations, including local cooperatives, hospitals, and water associations to help them get started and establish programs.

Plains Cooperative Oil Mill, par-

ticularly, sponsors several community programs on an annual basis. These include a Bar B' Que dinner for about 1,000 Future Farmers of America (FFA) members and agricultural teachers; $1,000 in prizes to winners of 4–H Club Cotton Contest, including dinner for contestants and families; lunch at FFA Field Day at Texas Tech. for some 1,500 participants; banquet for Little League baseball players, and Dunbar High School football team; sponsorship of Future Homemakers of America regional meeting at the Municipal Auditorium. It also assists annually with other organizations, the Maid of Cotton Contest and Texas Tech. judging teams, and contributes to FFA and 4–H teams' traveling expenses. FCC also sponsors two ball teams in city leagues.

Most of the regionals are members of the Chamber of Commerce, Plains Cotton Growers, National Cotton Council, and Lubbock Cotton Exchange. Some are members of the New York Cotton Exchange, regional and national warehouse and compress associations, National Cottonseed Products Association, Texas Cottonseed Crushers Association, and Soybean Council of America. Some leaders of the regionals have served as directors or on committees of these organizations, as well as on those of Texas A. & M. University; Texas Tech.; Farm Credit Banks of Houston; Central Bank for Cooperatives, Washington, D.C.; U.S. Department of Agriculture Cotton and Cottonseed Research and Marketing Advisory Committees; civic clubs; churches; and many other organizations.

Plains Cooperative Oil Mill also makes available its large boardroom free of charge to civic and social organizations for meetings and parties. About the only restriction placed on use of the room is that "drinking" and dancing are not permitted. The association even furnishes linens but expects the groups to clean the room after they use it.

In 1963, PCOM had 252 bookings for its boardroom. Only 35 of these were for the association; 217 were for groups outside the cooperative. That is an average of more than four a week for outside groups.

A few of the groups who use the boardroom are county agents, home demonstration agents, Boy Scouts and Girl Scouts, churches, family groups, credit unions, and the American Legion.

In 1956, Plainview Cooperative Compress, with the help of local merchants, inaugurated the High Plains Cotton Carnival at its plant. After the first year, the local Chamber of Commerce was asked to manage the carnival; but it is still held on PCC's premises.

Some 30,000 to 40,000 people attend this carnival annually. There displays are shown in about 70 booths, and a carnival queen is elected. This program has done much to put the name of the association before the public.

All regionals have fairly extensive advertising programs. All of them advertise in various trade magazines. Plains Cooperative Oil Mill and Farmers Cooperative Compress each carry ads in the Sunday Lubbock Avalanche Journal (newspaper).

Gin cooperatives and regionals share joint advertising programs in country newspapers. If gins run advertisements mentioning the name of the regionals, those regionals pay one-half the cost and the local gin the other half. About 25 gins place from one to five ad-

vertisements each year in local newspapers.

Plains Cooperative Oil Mill has sponsored a 15-minute county agent's radio program each Saturday morning for several years.

As another public relations program, the associations encourage group tours of their facilities. These tours range from industry groups to Boy Scouts, students, and many groups from foreign countries.

As a result of their outstanding service to cooperatives and to the public, several leaders among cotton cooperatives on the Plains have won distinguished awards.

Those awarded Texas Cooperator of the Year were:

1954—Roy B. Davis, General Manager, PCOM.
1958—C. E. Bowles, Secretary, PCCA.
1960—Wilmer Smith, President, PCOM.
1962—Dan Davis, General Manager, PCCA.

Those receiving Cooperative Distinguished Service Awards were:

1962—Tom Brown, Manager, FCC.
1963—Roy B. McQuatters, past President, FCC.

Through his outstanding work with youth on the South Plains, Roy B. Davis has received several other awards—Honorary State Farmer, FFA Distinguished Service Award, 4–H Alumni Recognition Award, and Friend of 4–H Award.

In addition to these officers of the regional cooperatives, several leaders of gin cooperatives have received Cooperative Ginner of the Year awards.

Appendix

TABLE 13.—*Balance sheet, Plains Cooperative Oil Mill, Lubbock, Tex., June 30, 1964*

ASSETS			
Current assets:			
Cash	$154, 970		
Accounts receivable	830, 933		
Inventories	6, 040, 669		
Prepaid expenses	50, 946		
Total		$7, 077, 518	
Fixed assets:			
Land	622, 627		
Buildings, machinery, and equipment (net)	6, 341, 124		
Total		6, 963, 751	
Other assets:			
Stocks owned	838, 879		
Notes receivable	111, 039		
Deposits	55		
Total		949, 973	
Total assets			$14, 991, 242
LIABILITIES			
Current liabilities:			
Accounts payable	$341, 870		
Accounts receivable (credit balance)	510, 639		
Notes payable	3, 300, 000		
Individual deposits	118, 603		
Other	93, 650		
Total		$4, 364, 762	
Term liabilities: Notes payable		2, 300, 000	
Total liabilities			$6, 664, 762
MEMBERS' EQUITIES			
Members' equities:			
Common stock		$9, 200	
Preferred stock and equities		6, 564, 631	
Allocated reserve		643, 314	
Undistributed net margins		1, 109, 335	
Total members' equities			$8, 326, 480
Total liabilities and members' equities			$14, 991, 242

TABLE 14.—*Balance sheet, Farmers Cooperative Compress, Lubbock, Tex., June 30, 1964*

ASSETS			
Current assets:			
Cash	$233, 536		
Accounts receivable	37, 293		
Inventories	45, 271		
Accrued storage, receiving, and compression fees	1, 125, 327		
Prepaid insurance and rent	31, 775		
Bales purchased	756		
Total		$1, 473, 958	
Fixed assets:			
Land	404, 228		
Buildings and equipment (net)	3, 956, 000		
Construction in progress	320		
Total		4, 360, 548	
Other assets: Stocks owned in other cooperatives		223, 562	
Total assets			$6, 058, 068
LIABILITIES			
Current liabilities:			
Accounts payable	$8, 800		
Notes payable	289, 544		
Stock subscriptions payable	2, 070		
Accrued expenses	86, 266		
Total		$386, 680	
Term liabilities: Notes payable		570, 075	
Total liabilities			$956, 755
MEMBERS' EQUITIES			
Members' equities:			
Common stock		$7, 600	
Preferred stock		4, 558, 616	
Cash patronage refund		535, 097	
Total members' equities			$5, 101, 313
Total liabilities and members' equities			$6, 058, 068

TABLE 15.—*Balance sheet, Plainview Cooperative Compress, Inc., Plainview, Tex., June 30, 1964*

ASSETS			
Current assets:			
Cash	$47, 719		
Accounts receivable	10, 187		
Inventories	24, 477		
Accrued receiving, storage, and compression fees	321, 282		
Prepaid insurance	6, 537		
Deposits	425		
Total		$410, 627	
Fixed assets:			
Land	1, 464, 068		
Building and equipment (net)	111, 610		
Construction in progress	3, 343		
Total		1, 579, 021	
Other assets: Investments in other cooperatives		106, 688	
Total assets			$2, 096, 336
LIABILITIES			
Current liabilities:			
Accounts payable	$10, 829		
Notes payable	113, 000		
Taxes payable	2, 264		
Accruals	14, 246		
Other	12, 221		
Total		$152, 560	
Term liabilities: Notes payable		225, 000	
Total liabilities			$377, 560
MEMBERS' EQUITIES			
Members' equities:			
Common stock		$2, 100	
Preferred stock and patrons' equities		1, 643, 680	
20 percent patronage refund payable		72, 996	
Total members' equities			$1, 718, 776
Total liabilities and members' equities			$2, 096, 336

TABLE 16.—*Balance sheet, Plains Cotton Cooperative Association, Lubbock, Tex., July 31, 1964*

ASSETS			
Current assets:			
Cash	$4, 430		
Accounts receivable	8, 534, 523		
Accrued storage receivable	575, 979		
Prepaid and accrued compression fees receivable	280, 586		
Inventory	1, 145, 744		
Prepaid expenses	596, 241		
Total		$11, 137, 503	
Fixed assets:			
Land	286, 933		
Buildings and equipment (net)	4, 087, 268		
Assets held for disposition	8, 200		
Total		4, 382, 401	
Other assets:			
Stocks owned	869, 545		
Deposits	6, 379		
Deferred interest	26, 043		
Total		901, 967	
Total assets			$16, 421, 871
LIABILITIES			
Current liabilities:			
Accounts payable	$1, 420, 455		
Notes payable	8, 502, 156		
Other payables	329, 230		
Accrued expenses	352, 797		
Total		$10, 604, 638	
Term liabilities:			
Notes payable	1, 475, 185		
Building bonds	408, 030		
Total		1, 883, 215	
Total liabilities			$12, 487, 853
PATRONS' EQUITIES			
Patrons' equities			3, 934, 018
Total liabilities and patrons' equities			$16, 421, 871

TARIFF

The following tariff will apply to all cotton handled by Farmers Cooperative Compress:

RECEIVING FOR CONCENTRATION, per bale---------- **$.75**
Includes tagging, weighing, issuing insured warehouse receipt, and sampling for Smith-Doxey class at time of arrival.

STORAGE, per bale, per month or fraction---------- **.50**
Includes fire insurance. Storage charges will be stopped date of clearance for shipment except when cotton cannot be delivered to carriers for reasons beyond control of the association.

CONSOLIDATION AND RESHIPMENT of compressed cotton per bale---------- **.75**
Does not apply to cotton moved between plants of the association (see next tariff item). Written reloading instructions must be submitted before cotton arrives.

INTER PLANT DRAYAGE, per bale---------- **.50**
Will apply to all bales moved between plants of the association to make carloads.

DRAYAGE, per bale---------- **.75**
Delivery in Lubbock only.

REWEIGHING, Cotton in storage, per bale---------- **.35**
At time of shipment, per bale---------- **.25**
Transit or consolidated---------- **.25**

RESAMPLING, Cotton in storage, per bale---------- **.35**
At time of shipment or transit, per bale---------- **.25**

RANGING AND RETURNING TO STORAGE, per bale----- **.40**
Will apply to cotton in storage ordered reweighed, slab sampled, and other services requiring removal of the bale from storage. Will apply to cancelled shipping orders if the cotton has been blocked for compression and/or shipment.

LOADING ON TRUCKS, with flat beds, per bale---------- **.35**
with sideboards or vans, per bale---------- **.50**

PICKING OUT BY TAGS, including marking and/or branding, per bale---------- **.25**
Four letter mark and four letter brand.

COMPRESSION, standard density with 8 bands, per bale_ **2.00**
high density with 9 bands, per bale_____ **2.00**
Additional compression charge of $1.00 will be made on bales weighing over 600 pounds. The association reserves the right to compress all cotton in storage to standard density at any time and claim a lien on each bale for the standard compression.

FLAT REMOVAL, loading out of storage cotton not compressed by the association, per bale_____ **.90**

EXECUTING WAREHOUSEMAN'S CERTIFICATE AND STORAGE AGREEMENT ON COTTON PLEDGED FOR CCC LOAN, per bale_____ **NO CHARGE**

PATCHES, prices furnished on request_____ **$**

OTHER SERVICES, charges will be furnished on request__ **$**

Separate numerical shipping or sampling orders must be furnished each plant of the association. All charges will follow the cotton and be billed against the shipper. Adjustment of accrued charges should be made between buyer and seller. Shipping orders must indicate to whom each charge is to be billed.

U.S. GOVERNMENT PRINTING OFFICE: 1966 O—778-954

Other Publications Available

Costs of Using Cotton Basket Storage Systems, California and Texas, 1964, Marketing Research Report No. 736. *John D. Campbell.*

Economics of Delinting Cottonseed to Low Residual Linters at Oil Mills, Marketing Research Report No. 720. *Elmer J. Perdue.*

Crushing Cottonseed Cooperatively, FCS Circular 30. *Elmer J. Perdue.*

SWIG—Southwestern Irrigated Cotton Growers Association, El Paso, Tex., FCS Circular 29. *Otis T. Weaver.*

Oklahoma Cotton Cooperatives, FCS General Report 108. *John D. Campbell.*

Costs of Ginning Cotton by Cooperatives at Single-Gin and Two-Gin Plants, California and Texas, 1962, Marketing Research Report No. 640. *John D. Campbell.*

Power Expenses of Cotton Gins—By Types of Power—Arkansas, Oklahoma, Texas, Marketing Research Report No. 520. *John D. Campbell.*

Effects of Electric Rates on Power Expenses of Cotton Gins—Arkansas, Oklahoma, Texas, Marketing Research Report No. 470. *John D. Campbell.*

Controlling Protein Level of Meal Production at Cottonseed Oil Mills, Marketing Research Report No. 437. *Elmer J. Perdue and J. Dale Peier.*

A copy of each of these publications may be obtained upon request while a supply is available from—

Farmer Cooperative Service

U.S. Department of Agriculture

Washington, D.C. 20250